

# **Export Oriented Garment Manufacturing Industries in Bangladesh: Problems and Prospects**

GIFT

**A Thesis Submitted for the Degree of Doctor of Philosophy  
in  
Management Studies**

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by

**Md. Mehedi Hasan Belal**

ঢাকা  
বিশ্ববিদ্যালয়  
গ্রন্থাগার

**DIGITIZED**

**Supervisor**

**Professor Dr. Md. Serajul Islam  
Department of Management Studies  
University of Dhaka-1205**

## DECLARATION

I do hereby declare that this thesis dissertation entitled, Export Oriented Garment-Manufacturing Industries in Bangladesh: Problems and Prospects submitted by the undersigned to the Department of Management Studies, University of Dhaka, Bangladesh, for the degree of Doctor of Philosophy in Management, is an original work of mine during the study period and it has not been presented earlier either wholly or partially to any other university or academic institution for any degree or any other gain.

467362




**Md. Mehedi Hasan Belal**  
Ph.D. Researcher  
Department of Management Studies  
University of Dhaka



## CERTIFICATE

This is to certify that the thesis entitled, Export Oriented Garment Manufacturing Industries in Bangladesh: Problems and Prospects, submitted by Md. Mehedi Hasan Belal under my direct supervision. This work is a genuine one showing his original contribution, creativity and to the best of my knowledge this thesis or any of its part has nowhere been submitted for any degree or publication.

467362

  
(Professor Dr. Md. Serajul Islam)  
Department of Management Studies  
University of Dhaka

19.1.13.



**Dedication to  
my parents  
&  
my two daughters  
who light up each day of my life  
&  
my wife  
Parvin Akther Bindu**

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**Md. Mehedi Hasan Belal**  
Researcher,  
Department of Management studies,  
University of Dhaka.1205

## **ABSTRACT**

This study has attempted to bring into focus the readymade garment sector of Bangladesh and its major problems and prospects. The present study examines the problems and prospects of the readymade garment industries in Bangladesh. Bangladesh is an over populated country. Now the population of the country is 162.20 million of which 50% are women, 80% of that are illiterate and unskilled. Most of the people of our country are lacking in the sense of garment work. They have a wrong idea about this quality. So they have to understand that labour can make a person with a sense of dignity and independence. Especially since these readymade garment (RMG) industries has been keeping this existing role, in our economic condition by providing women labours. Another burning question is fabrics, the raw materials of garment now is another great problem. It is the local textiles, which can unveil the side of industry by putting extra care. Other industry related with this RMG industry could make progress by maintaining relationship. That means RMG is such a type of industry, which can easily be a trusted weapon of the economy of Bangladesh. By taking long contrivance and well arrangement of our economy in micro level, RMG of Bangladesh can be the main point of development. RMG industry required only comparatively small capital, the comparative advantage lies in wage with availability of cheap labour. As an example, where in Germany the % of salary in one hour is US\$ 8.38 where as in Bangladesh it is only US\$ 0.25. But in India it is double as US\$ 0.66. But labours having low cost are not only the way to increase exports. If the problems related to exports cannot be remarked soon, then it will be late to gain.

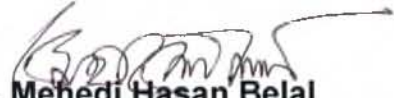
The outstanding problems, which are being faced, by the Manufacturers and Exporters of RMG sector of Bangladesh are presented below:

- a. Banking sectors anomalies;
- b. Political environment;
- c. Taxes on export earnings;
- d. Port crisis;
- e. Electricity crisis;
- f. Aggressive currency devaluation by competing countries;
- g. Value addition criteria;
- h. Foreign direct investment;
- i. Law and order situation;
- j. Product and market diversification;
- k. Alternative cash assistance & export performance benefit;
- l. EPZ facilities for the RMG industry;
- m. Garment Village;
- n. Road and railway communication;
- o. Computerization of customs service;
- p. Privatizing EPB activities;
- q. Bureaucracy;
- r. Duty-free access in USA.

So it seems that there are a lot of problems in our garment sector. Although having various problems, the success of this sector has come for some people's own initiative and for the labour of the people of low standard of our society primarily women forces. To survive in the competitive market of the present world, we must have to make everything easy. Because at the recent age Bangladesh is not only the exporting country. Vietnam, India, Pakistan, Malaysia, Thailand and many others nations have come abroad as competitors. Hong Kong, Taiwan, Singapore, Cambodia etc. are playing a vast role of exported RMG in such a way that Bangladesh is not comparable.



The role that has been played by RMG for the last twenty-nine years in Bangladesh in the context of changed world conditions should be maintained in the future too. This may create a great impact on the RMG Industries.



**Md. Mehedi Hasan Belal**  
Department of Management Studies  
University of Dhaka  
Dhaka.1205

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## **CHAPTER 1**

### **Introduction**

#### **1.1: INTRODUCTION**

Bangladesh is an independent country of south Asia and appeared on the world map on 16<sup>th</sup> December in the year of 1971, following the victory at the war of liberation from 25<sup>th</sup> March to 16<sup>th</sup> December in the year of 1971. It is surrounded on the west, north and east by Indian territories. It borders on Burma in the south east and there lies the Bay of Bengal to the south. Bangladesh is an agricultural country and her economy is under developed and partially dependent on agriculture. It is one of the least development country of South Asia possessing an area of 1,43,999.sq K.M.(55,598.miles) and the population of this country stood at 162.20 million \*1. Since independence, Bangladesh has been trying to build up her economical rehabilitation and development. So the Government of Bangladesh has committed to formulate four five-year plans covering the period 1973-1978, 1980-1985, 1985-1990,1990-1995, and 1997-2002. These planning have been formulated for inter dependency of agriculture, industry and over all economy of Bangladesh.

Export marketing of non-traditional items plays a facilitating role in the economic development. It is widely recognized as a key instrument of activating the forces that stimulate the process of economic development \*2. Export led economic growth is recognized in every economy either in least development and developing countries. Keeping these things in mind, the Government of Bangladesh attaches much importance to the development of export and especially non-traditional export in its export polices \*3.

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\*1. পরিবার পরিসংখ্যান অধিদপ্তর-ঢাকা, বাংলাদেশ এবং Statistical Year Book of Bangladesh-2010 and United Nations Renewal Report 2009 .

\*2. Emery R.F., "The Relation of Exports and Economic Growth" Kyklos, England. Vol 20, Nov. 1968.

\*3. Government of Bangladesh, Ministry of Commerce, Export Policy 2001-2002 and 2002-2003.

Despite repeated floods, cyclone, droughts and natural disaster affecting the country's economy and causing allocation in both import and export trade; the balance of the payments situation was comfortable during most of the fifth five year plan period (1997-2002). The factors contributing to the improvement in external sector are: approximately a 12.2 percent increase in export earnings vis-à-vis about 6.14 percent increases in import payments. A statement summarizing the balance of payments situation during the fifth five plan period is giving bellow \*4.

**Table-1**

Showing the balance of payments situation during the fifth 5 years plan period (1997-2002)

(In million USD)

| Category                                  | Projection | Actual     | Achievement % |
|---|------------|------------|---------------|
| Import payments                           | (-) 22,668 | (-) 22,735 | 100.30        |
| a. Goods (CIF)                            | (-) 19,881 | (-) 19,681 | 99.34         |
| b. Services                               | (-) 2,857  | (-) 3,054  | 106.90        |
| Export receipts                           | 13,528     | 13,138     | 97.12         |
| a. Goods (FOB)                            | 10,792     | 10,392     | 96.29         |
| b. Services                               | 2,736      | 2,746      | 100.37        |
| Balance of goods & services               | (-) 9,140  | (-) 9,597  | 105.00        |
| Remittance of expatriate                  | 4,326      | 4,296      | 99.31         |
| Balance of current account                | (-) 4,814  | (-) 5,301  | 110.12        |
| Repaying of the long-term & midterm loans | (-) 1,343  | (-) 1,140  | 84.88         |
| Difference between payment & receipts     | (-) 6,157  | (-) 6,881  | 104.61        |
| Follow of the financial assistance        | 8,338      | 7,564      | 90.72         |

\*4. The Fifth Five Year plan, 1997-2002, Government of Bangladesh, Ministry of Planning.

The performance of the exports during the plan period was much better than projected. The plan envisaged total export earnings to grow at an average annual rate of 9.38 percent, those of traditional exports at a rate of 1.8 percent and non-traditional exports at 17.2 percent. Bangladesh has been increasing its world trade by non-traditional item from 80's. Export trade still plays an insignificant role in the economy of the country. Its export comprised only 9.5% of the GDP of Bangladesh in 2002-2003 \*5. The import and export amount of Bangladesh has been given in balance sheet appendix no: 4.

The potential for increasing non-traditional exports (RMG Products Exports) from Bangladesh is very high as the recent (2002-2003) export growth performance amply indicates which was 75.14% in 1999-2000 and 76.57% in 2001-2003 and 75.01% in 2002-2003 and 79.33% in 2008-2009. The Government of Bangladesh emphasizes on non-traditional export for creating favorable balance of payment employment opportunity, large-scale production of exportable goods, decreasing production cost, specialization of export and favorable terms of trade.

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\*5. Economic Survey 2002-2003 Government of Bangladesh, Ministry of Finance.

## 1.2 BACKGROUND OF THE STUDY

One fifth of the world's population lives in the countries of South Asia. (Afghanistan, Bangladesh, Bhutan, India, Nepal, Pakistan, and Sri-Lanka). Economic growth during the 80's in these countries was modest but respectable. Nonetheless, incomes remain low, and large numbers of South Asians – estimated 330 million to 650 million in 2009, or half the worldwide total of poor people continue to live in poverty, with inadequate access to basic social services, and lack of employment and other income-generating opportunities. Because of rapid population growth, averaging 2.3 percent a year, pressure on already overstretched public service is likely to mount, implying that governments will be under even more pressure in the 2010s to deliver rising standards of living.

**Table-2**

Showing the distribution of South Asia: 2010 population and per capita GNP during Fiscal year 2009-2010\* 6.

|                   | Population (Million) | Per capita GNP<br>(US Dollars) |
|-------------------|----------------------|--------------------------------|
| <b>Bangladesh</b> | <b>162.20</b>        | <b>467.00</b>                  |
| India             | 1150.00              | 724.00                         |
| Nepal             | 29.30                | 268.00                         |
| Pakistan          | 176.24               | 689.00                         |
| Sri-Lanka         | 20.20                | 840.00                         |

In the weaker economy of Bangladesh and Nepal, limited implementation capacity exacerbates an already demanding situation.

In particular, marketing development in the traditional sector enhances inter and intra sectoral linkages at several levels setting off "multiplier" effects in the process of capital formation and development\*7.

In common with most other least development nations of the world, except the oil exporting countries, Bangladesh suffers from what may be regarded as a chronic and persistent deficit in her balance of trade.

\*6. United Nations, Annual report'2010

\*7. Choudhury Yusuf Ahmed and Azad Syed Abul Kalam, "Importance of Marketing Infrastructure for the Economic Development of the Fifth World" Journal of Business Studies, Dhaka University.

The extent of the deficit can be gauged from the fact that, out of her own export earnings, the country could not finance even one third of the total import bill around the early 1970s. The remaining two-thirds or more had to be borrowed from foreign sources- a situation, that is quite untenable in the context of the nation's expressed desire for the "promotion" of self-reliance". What is needed, therefore, is at least a squaring up of the accounts, on an average and over the years, in the country's foreign trade sector\*8.

Despite the fact that Bangladesh is engaged in the export trade for long, the country's export was limited to a certain traditional items like raw jute, tea, hides and skin etc. These items dominated the list of her exportable for long. Gradually Bangladesh attempted to broaden the export base by adding many new export items. During the Pakistan and Bangladesh period there was a limited effort to develop the export markets and quality export products\*9.

Unemployment is a recurring problem of most development and developing countries. In reducing this problem, the export trade has a vital role for the growth of more and more export- oriented industries, which exert positive influence to lessen the gravity of the employment problem. We find that the establishment of export processing zones in different countries has gone a long way to solve the employment problem in these countries. In fact, the benefits of increasing exports have also reflected in terms of trade and balance of payment position. From the micro point of view, the involvement with export trade enables a firm to grow rapidly by exploiting the enormous prospects of the global markets\*10.

Business environment is becoming complex day by day. These complexities expose business firms to more and more risks. Therefore, modern business risks require special attention\*11. In export trading, three types of risk are specially justified here commercial risks, political risks and exchange risk. \*12

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\*8. Reza Sadrel, "The Export Trade of Bangladesh 1950-1978 Patterns and Perspectives", University of Dhaka.

\*9. আলী মোঃ ওমর, "বাংলাদেশের অপ্রচলিত পণ্যের রপ্তানী: ইহার সমস্যা ও সম্ভাবনা" জার্নাল অব বিজনেস এন্ড ইকনমিকস, ডলিউম ১২, সংখ্যা ৪, ১৯৮৬-পৃষ্ঠা ৫২৯।

\*10. Chowdhury A.J.M Nuruddin, " Role of Export Trade in Economic Development with special reference to Developing Economics." Bank Parikrama. Vol 9, 1984, P-14.

\*11. Habibullah Mohammad and Gosh, Santi Narayan "Risk Management" Bureau of Business Research, Dhaka University-1986. P-10.

\*12 হানিফুজাহ ডঃ এম, "রপ্তানী বাণিজ্যে ঝুঁকি ব্যবস্থাপনা জাতীয় মার্কেটিং সেমিনার ১৯৮৫, মার্কেটিং সমস্যা ও সম্ভাবনা, পৃ-৭।

Dependence on aid and loan to finance import requirements, even if available, can, therefore, at best be a temporary arrangement. The long-term solution of the problem of foreign exchange has to be sought in the expansion of the country's exports\*13.

A country like Bangladesh needs to import many things like food, medicines, cloths, plants, machinery, equipment, raw materials, technology etc to accelerate the rate of her economic development. To pay her import bills, she needs foreign exchange. Therefore, Bangladesh must export, other wise she will not be able to pay for her imports and as a result will make very little economic progress\*14.

Despite the fact that as a non-traditional export items like readymade garment industries are facing domestic and international problems.

Readymade garment industry is recognized as small and cottage industries. The industry involves a considerable division of labour but essentially needs skill manpower. The machinery used is mostly plain sewing, over lock, kanchy, buttonhole, and button stitch, with traditional technology. Dependency of import yarn and fabrics or raw metatarsals are the hinders of quality of timely shipment of export orders. On the other hand, Bangladesh may face stiff competition with other readymade garment manufacturing countries and impact of Multifibre Arrangement and Agreement (MFA) also make create major problems in international market.

### **1.3 OBJECTIVES OF THE STUDY**

#### **a) General Objectives**

- i) To examine the problems of RMG export of Bangladesh
- ii) To evaluate the export performance of RMG from Bangladesh

#### **b) Specific Objectives**

- i) To explore the marketing characteristics of exporters
- ii) To assess the future trend of RMG exports

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\*13. Bhuyan Ayubur Rahman "Non-Traditional Export of Bangladesh: Trends, Performance and Prospects." Bureau of Economic Research, University of Dhaka,

\*14. Siddiqi Hafiz G.A. "Export Potentials of Readymade Garments Industry-A Case Study of Bangladesh" The Dhaka University Studies.

## **SCOPE OF THE STUDY**

Only the problems internal to the country and impeding the development as well as the sustainable exports capabilities of RMG industry in Bangladesh has been addressed in this research.

Bangladesh exports oven, knits and sweater products to about 48 countries of the World \*15. The research has been designed to identify the problems and prospects.

The various government institution and non-government organizations are engaged in facilitating the export and exporting concerned like Export Promotion Bureau, Ministry of Commerce, Ministry of Finance, Ministry of Planning, Chamber of Commerce, Bangladesh Bank, Commercial Bank and relevant associations like BGMEA, BKMEA. In fact, the study has been performed on the basis of secondary information and primary data collected from exporters and relevant Institutions.

The samples account for not less than 5% of total unit and somewhere it takes Palace 100% export Unit. The study is limited to those aspects of export marketing as stated in the research objectives.

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\*15. Rahman Moklesur, Management Procedure of Export Oriented Garments Industry. Premier Economic Advancement of Concern"1993



## 1.5 JUSTIFICATION OF THE STUDY

We have achieved our freedom after a bloody war in 19971. The effect of the War of liberation disrupted the established external trading relationship, caused serious damage to the physical infrastructure and dislocated the managerial and organizational apparatus\*16. Even since liberation till now she has been trying hard to reconstructed the economy on a solid base. Moreover, she has to import a large quantity of food and basic necessities. The country is endowed with cheap labor, reach heritage of artistry and craftsmanship and some rich in indigenous industrial resources hitherto remaining untapped. It should very well be able to complete in the foreign export market. On the other hand, exhaustive study on the export marketing problems, performance, prospects carries enormous importance in Bangladesh\*17.

The existing literature received reveals that no comprehensive study has yet been conducted to the export of RMG for the useful guidelines of producers, businessmen, exporters and policy makers.

As a non-traditional export items RMG contributed about 79.33% of export earning in 2010. From this contribution RMG contributes to about 9.5% (in 2009-2010) Bangladesh's GDP.\*18

Despite prospect of RMG product in international market, the exporters and their products faced multi-type hindrances and problems. The study needs to identify the bottlenecks and limitations associated with the export of RMG.

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\*16. The First Five Year Plan-1973-1978, Ministry of Planning.

\*17. Export from Bangladesh'1972-73 to 2009-2010

\*18. Boyd, Westfall and Stasch, Marketing Research" Sixth Edition. 1985, Richard D. Irwin, INC.

Homewood, Illinois. P-108

## **1.6 LIMITATIONS OF THE STUDY**

This study suffers from certain limitation due to its wide scope in availability of those limitations were beyond the control of the researcher.

- a) Local businessmen are generally not convinced of the value of marketing research. For the most part, they have not experienced either the process or the benefits of systematic marketing research. Most companies did not think of marketing research except in crisis situations, that is, they used marketing research to solve and already pressing problem, and not during the planning phase where problems could be avoided or at least minimized
- b) The published secondary data provide scanty information. Different sources provide different data for that same thing. For example, the data released by Bangladesh Bureau of Statistics on the total export earnings for a particular year varies from those given by the Export Promotion Bureau, the Ministry of Finance, Ministry of Commerce, the Planning Commission or the Bangladesh Bank.
- c) Details of the data required for the research were not available even from single source; they had to be obtained from different sources, exhibiting side variations in magnitudes of prices and quantities. As a result, different sources gave different information on the same thing and thereby caused considerable confusion about the real situation. In this situation, the analysis somewhere has become rather difficult.
- d) It can be said, therefore, that the reliability of the data is rather limited. The study mainly relied upon the data of the Export Promotion Bureau which is counted after shipment of the product.
- e) In interviewing period, a significant amount of non-cooperation and avoiding attitude from a section of the exporters created problem. The exporters showed avoiding tendency and some others refused to give per answers to certain questions on capital investment, export earnings, per unit production cost, profit margin and capacity and capacity utilization of the firm.

- f) It has been found that some key executives of units hold suspicious attitude towards this sort of academic research exercise. As a result, they often hesitate to extend cooperation in providing the needed research information.
- g) Some of the personnel's of relevant institutions and executives of the selected sampled export units were very hard not to crack. However, efforts were made to persuade them thought it was troublesome and costly as we visited to them, in some cases, ten times to collect the information.

In spite of these problems, and limitations, the study has recommendations of RMG export. Utmost emphasis has also been laid in this respect.

## **CHAPTER 2**

### **Literature Review of the Study**

#### **2.1 THE ROLE OF EXPORT MARKETING IN THE ECONOMIC DEVELOPMENT OF BANGLADESH:**

The importance of trade for any economy is above question and debate. But its nature and degree varies from country to country and from time to time. The answer to the question 'why export'? When asked in Britain during the trade slump of the early thirties the answer was "to provide job for the unemployed". The answer to the same question when asked in the United States at that time was that the productive capacity of the country was so vast that it could not find market for its full output at home and therefore, compelled to export. Today the answer for most of the countries especially for the third world is "in order to pay for essential imports"\*19.

Classical and Neo-classical economists held that foreign trade could make an impressive contribution to country's economic development. Trade was considered to be not simply a device for achieving productive efficiency; it was also an 'engine of growth' \*20. in today's business world, foreign involvement may demand more effort and resources that domestic interests \*21.

Bangladesh is newly independent country aspirins for a rapid economic development, through industrialization and modernization of her economy. For this reason, she is increasingly in the need for a wide variety of imports like plants and machinery, industrial raw materials and technical know-how

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\*19. Hill W. 'Why export?' in M. Abrams (ed.) Britain and her Export trade, London: Pilot Press, 1946, P-3.

\*20. Robertson D.H., "The Future of International Trade, "Readings in theory of International Trade, New York: Nlakiston Co., 1949; P-501.

\*21. Cateora Philip R. and Hess John M., "International Marketing." Illinois, Fourth Edition, 1979. P-3.

The country has also to incur huge foreign exchange expenditure in importing food grains and a large variety of essential consumer goods of which country has an insufficient supply. As a matter of fact, we have been facing serious balance of payments difficulties since liberation because payments for our imports far exceed our export earnings. Such a situation cannot be allowed to continue indefinitely, and appropriate measures need to be taken forthwith to arrest the situation. Accordingly, the government and policy-makers have been emphasizing the role of export expansion in economy, and official policies are also being directed to that end\*22.

Primarily, Bangladesh is an agrarian economy with smaller industrial base. In the past she depended for their export earnings on a few primary commodities like raw jute, hides and skins and tea. With industrialization she has been able to export jute goods and newsprint. Recently she has been exporting such non-traditional commodities as readymade garments, leather goods, frozen fish including frog legs, handicrafts, spices, naphtha and furnace oil, etc. This means that attempts to diversifying exports are being made.

Export potentials are particularly high in case of non-traditional items like readymade garments, leather and leather goods, frozen fish. Dried and salted fish, handicrafts, canned fruits etc. However, to utilize their full potential, it will be necessary to attract the local entrepreneurs to undertake export business. Besides, the potential buyers of other countries \*23.

In view of the importance and potential gain of export, attempts have been made to review and examine the problems and prospects of selected five non-traditional export of Bangladesh.

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\*22. Bhuyan Ayubur Rahman, "Non-Traditional Exports of Bangladesh: Trends, Performance and Prospects" Bureau of Economic Research, Dhaka University, March-1982, p-2.

\*23. Siddiqi Hafiz G.A., "Export potentials, of Ready-made Garments Industry –A case study of Bangladesh." *The Dhaka University Studies*, (part c) 3 (1): 55-68, 1982.

## **2.2 CONCEPTUAL ASPECTS OF NON-TRADITIONAL EXPORT (RMG)**

International marketing is the performance of business activities that direct the flow of a company's goods and services to consumers or users in more than one nation \*24.

Benefits accruing from international trade are providing increasing impetus to marketing for becoming international areas. Marketing now-a-days is crossing national boundaries in one way or the other to exploit the strategy of international marketing is based on capitalizing the with cultural diversities. Amazing technological advancement in the field of production techniques and communication processes in the recent decades led to the emergence of a new concept in international marketing namely, global marketing \*25.

Export marketing is an evolving marketing phenomenon and is defined as a process consisting of those marketing functions, which are required for selling goods in the international markets efficiently and effectively \*26.

Despite these things and views, Bangladesh for long was earning an insignificant amount of foreign currency during the early post-liberation period by exporting her limited products. But the concept of export started to change gradually. From that period, the Planning Commission, Ministry of Planning, introduced new concept of export in export term. The countries, exports are composed traditional and non-traditional export.

When a country exports some items from the very beginning these are denoted as traditional item and sum of all traditional exportable items are traditional export. Bangladesh lead to external trade by limited traditional exportable items from the periods of former Pakistan such as jute, tea, jute goods etc. On he other hand, if the country exports newly invented items which are not included in traditional items are termed as non-traditional items and sum of all non-traditional exportable items are denoted as non-traditional export. The different authority and institution view regarding the concept of non-traditional export, and the important opinions are stated in the following paragraphs.

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\*24. Cateora Philip R. and Hess John M.. Op. Cit. P-4

\*25. Azad Syed Abul Kalam and Talukder Abu Sayeed, "Development of Global Marketing and its Related Issues". The Dhaka University Studies, Part -C, Vol-0(2) : 63-73, 1989.

\*26. Chowdhury A. J. M. Nuruddin and Syed Md. Ather "Export Marketing Practices of some export Firms operating in Chittagong - A Few Aspects." Chittagong, University Studies. Vol. V & VI. Part -1, 1981-82. P-69.

According to third and fourth-five year plan, "Export jute, jute goods, and other exportable items are non-traditional"\*27. Export promotion Bureau defines all other goods except jute, tea and defines that except jute, jute goods and tea (not including packet tea) are non-traditional export. Bangladesh Bank follows always Govt. policy in respect of non-traditional export.

Export Promotion Bureau also explains the same classification of traditional and non-traditional items. The institution informed that the country has been exporting mainly three items from the former Pakistan period, which were 100% internal export trade as a traditional export.

But other exportable have not been 100% internal exports and the items are denoted as non-traditional exports.

Export Promotion Bureau suggests changing the present concept of non-traditional export. At present, the institution thinks that our shrimps, finished leather and ready-made garments should be termed as a traditional export, because among these items only RMG are contributing above 79.33% export earnings.

From the above analysis and opinion about non-traditional export the conclusion can be drawn that non-traditional export means all exportable items, except jute, jute goods and tea.

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\*27. The Fourth Five-Year Plan 1990-95, Planning Commission, Ministry of Planning.

## **2.3 EXPORT SECTION IN BANGLADESH**

The exports of Bangladesh were concentrated mainly on a few traditional items up to decades of 1980's. The total export earning in 1977-78 was about 93% from traditional items and non-traditional items contributed about 7%. But in recent decades contribution of non-traditional items increasing day by day. Thus jute which accounts for nearly three fourth of our export receipts faces several hindrances from the side of both domestic supply and external demand. The two other major traditional export items tea and hides and skin are also domestic supply constraints. All these may lead one to conclude that the long run prospects of our traditional exports in generating additional export earnings are not very encouraging.

It is on these counts that attempts should be under way to diversify our exports and find new avenues of earning additional foreign exchange. Special attention should be given to those export items which have large foreign market and which seem to have a highly elastic demand abroad both with respect to price and income.

Our non-traditional export items, which supposedly satisfy these requirements may play a positive role in generating additional export earnings\*28

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\*28. Bhuyan Ayubur Rahman, "Non-Traditional Export of Bangladesh: Trends, Performance and Prospects" Bureau of Economic Research, University of Dhaka, 1982. Export Statistics (EPB)



**Table-3**

Showing the Distribution of Comparative Year wise Export Earnings for 15 Years.  
(Value in million US\$)

| Fiscal Year | Export earnings          | (+) Increase<br>(-) Decrease | Increase or Decrease in % |
|-------------|--------------------------|------------------------------|---------------------------|
| 1995-96     | (3882.42)<br>158790.87   | (+ 409.86)<br>(+) 19506.29   | (+ 11.80%)<br>(+) 14.00%  |
| 1996-97     | (4418.28)<br>188130.40   | (+ 535.86)<br>(+) 29339.55   | (+13.80%)<br>(+) 18.48%   |
| 1997-98     | (5161.20)<br>234163.75   | (+742.92)<br>(+) 76033.33    | (+16.81%)<br>(+) 24.47%   |
| 1998-99     | (5312.86)<br>254911.02   | (+ 151.66)<br>(+) 20747.27   | (+2.94%)<br>(+) 8.86%     |
| 1999-2000   | (5752.20)<br>288185.16   | (+439.34)<br>(+) 33274.14    | (+8.27%)<br>(+) 13.05%    |
| 2000-2001   | (6467.30)<br>348587.43   | (+715.10)<br>(+) 60402.27    | (+12.43%)<br>(+) 20.96%   |
| 2001-2002   | (6467.30)<br>348587.43   | (-481.21)<br>(-) 4925.98     | (-7.44%)<br>(-) 1.41%     |
| 2002-2003   | (6548.44)<br>379154.49   | (+562.35)<br>(+) 35493.04    | (+9.39%)<br>(+) 10.33%    |
| 2003-2004   | (7602.99)<br>448272.22   | (+1054.55)<br>(+) 69117.71   | (+16.10%)<br>(+) 18.23%   |
| 2004-2005   | (8654.52)<br>532339.73   | (+1051.53)<br>(+) 84067.51   | (+13.83%)<br>(+) 18.75%   |
| 2005-2006   | (10526.16)               | (+1871.64)<br>(+) 175123.78  | (+21.63%)<br>(+) 32.90    |
| 2006-2007   | (12177.86)<br>841003.01  | (+1651.70)<br>(+) 1335369    | (15.69%)<br>(+) 18.88     |
| 2007-2008   | (14110.86)<br>968000.77  | (+1932.94)<br>(+) 126997.76  | (15.87%)<br>(+) 15.10%    |
| 2008-2009   | (15565.19)<br>1070885.07 | (+1454.39)<br>(+) 102884.30  | (+10.31%)<br>(+) 10.63%   |
| 2009-2010   | (16204.65)<br>1121037.69 | (+639.46)<br>(+) 50152.62    | (4.11%)<br>(+) 4.68%      |

Export earnings from traditional items amounts to US\$ 793.64 million (4.90%) and that of non-traditional items stood at US\$ 15,411.01 million (95.10%) during the fiscal year 2009-2010 as compared to 2.73% for traditional and 97.27% for non traditional items respectively during fiscal year 2008-2009.

The region wise trend of export reveals that countries of American region were the highest buyer of Bangladeshi products. The other buyer regions in order of total value of goods were EEC region. Of the total export from Bangladesh during fiscal year 2009-2010 amounting of US\$ 16204.65 million, export to the countries of American region stood at US\$ 4001.95 million i.e. 32.86% of the country's total export.

Table-4

| MAJOR EXPORTABLES OF BANGLADESH TOTAL EXPORT EARNING: US\$<br>16204.65 MILLION (2009-2010) |                          |         |
|--|--------------------------|---------|
| MAJOR EXPORTABLES  | VALUE<br>IN MILLION US\$ | % SHARE |
| READYMADE GARMENT  | 12496.72                 | 77.12   |
| FROZEN FOOD  | 348.28                   | 2.15    |
| JUTE GOODS   | 5341.48                  | 3.30    |
| LEATHER  | 226.92                   | 1.40    |
| CHEMICAL PRODUCTS  | 339.70                   | 2.09    |
| RAW JUTE   | 196.27                   | 1.21    |
| TEA  | 5.65                     | 0.03    |
| OTHERS   | 2056.65                  | 12.70   |
| TOTAL  | 16204.65                 | 100.00  |

Asian region (excluding Middle East) bought goods worth of 1042.99 million dollar covering 8.57% of total export, Middle East region lead bought amounting 166.72 million dollar which covering 1.69% of the country's total export, African region stood 8.68 million dollar constituting about 0.66% of total export, East European region of-take of goods worth of 205.79 million dollar and covering 1.69% of the countries total export. Oceania goods worth of US dollar 31.26 covering about. 0.26% of the total export, and Bangladesh export of SAARC countries during the period 2009-2010 was 368.19 million dollar and the share of SAARC countries was 3.02% to total export.

\*Export Statistics (EPB) 2009-2010

Graph-1 (a)

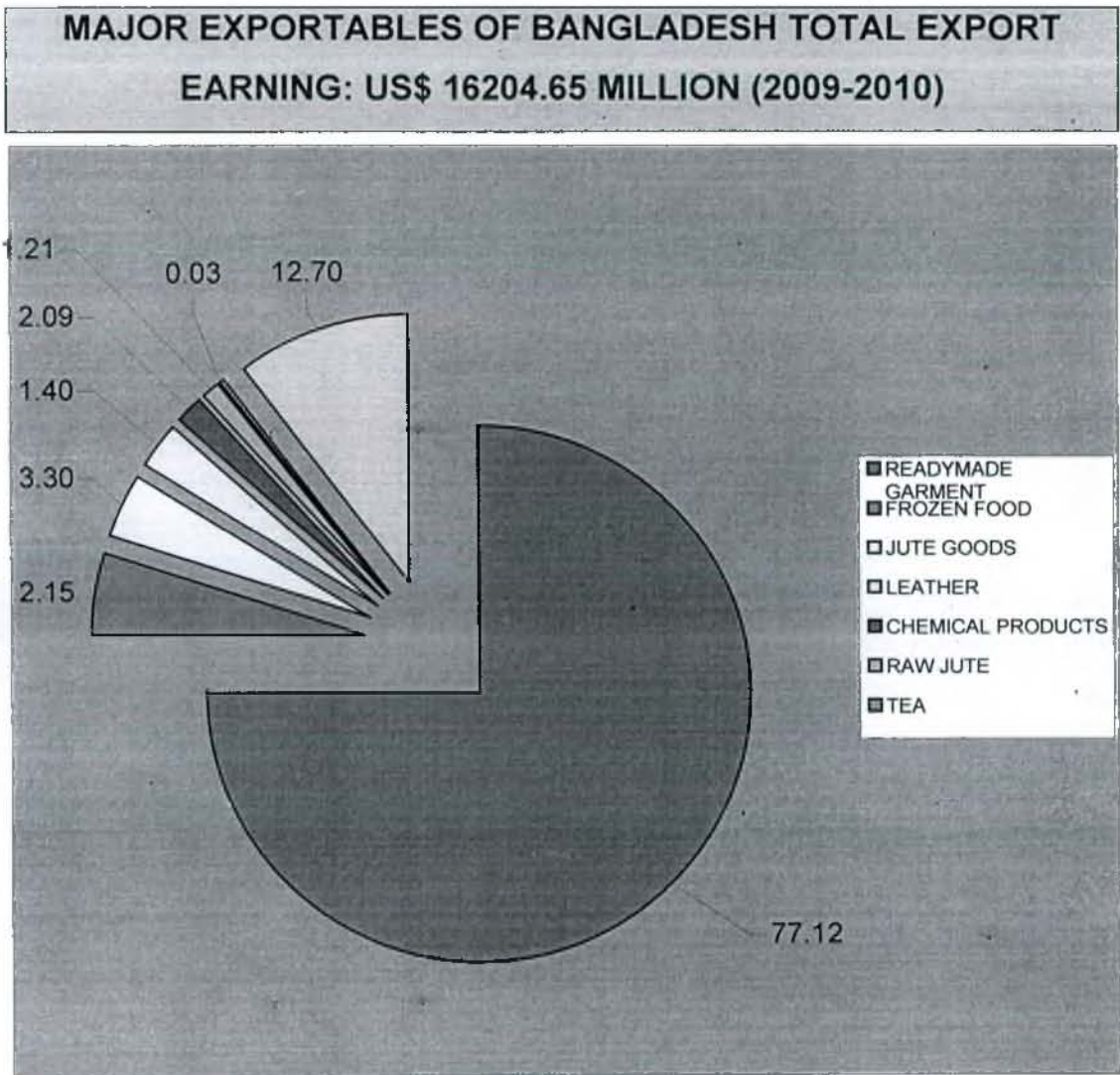
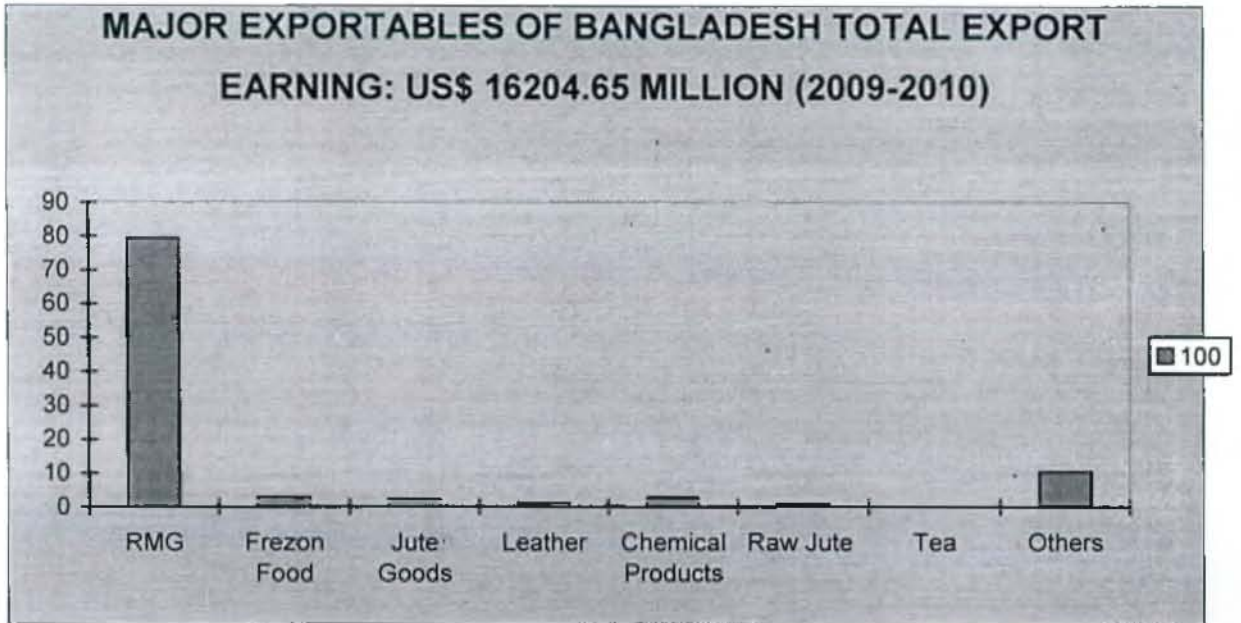


Figure 1(b)



**Table-5**

Showing the Distribution of Export of Selected Non-Traditional items from 1982-83 to 2009-2010 (value in 'million' Dollar)

| Fiscal    | Total export             | Traditional items       |         | Non-traditional items   |         |
|-----------|--------------------------|-------------------------|---------|-------------------------|---------|
|           |                          | Value                   | % Share | Value                   | % Share |
| 1985-86   | (819.21)<br>24314.02     | (447.84)<br>13291.75    | 54.67   | (371.37)<br>11022.27    | 45.33   |
| 1986-87   | (1076.61)<br>32631.69    | (435.54)<br>13201.14    | 40.45   | (641.07)<br>19430.85    | 59.55   |
| 1987-88   | (1231.20)<br>38081.06    | (420.65)<br>13010.55    | 34.17   | (810.55)<br>25070.51    | 65.83   |
| 1988-89   | (1291.56)<br>40968.40    | (416.78)<br>13220.45    | 32.27   | (874.78)<br>27747.95    | 67.73   |
| 1989-90   | (1523.70)<br>49764.21    | (491.61)<br>16056.06    | 32.26   | (1032.09)<br>33708.15   | 67.74   |
| 1990-91   | (1717.55)<br>60560.88    | (431.99)<br>15231.80    | 25.15   | (1285.56)<br>45329.08   | 74.85   |
| 1991-92   | (1993.92)<br>75908.56    | (411.19)<br>15653.88    | 20.62   | (1582.73)<br>60254.68   | 79.38   |
| 1992-93   | (2382.89)<br>92575.40    | (399.36)<br>15515.18    | 16.76   | (1983.53)<br>77060.22   | 83.24   |
| 1993-94   | (2533.90)<br>100975.94   | (367.07)<br>14627.03    | 14.49   | (2166.85)<br>86348.94   | 85.51   |
| 1994-95   | (3472.56)<br>139284.58   | (422.62)<br>16950.89    | 12.17   | (3049.94)<br>122333.69  | 87.83   |
| 1995-96   | (3882.42)<br>158790.87   | (448.70)<br>18351.83    | 11.56   | (3433.72)<br>140439.04  | 88.44   |
| 1996-97   | (4418.28)<br>188130.42   | (467.72)<br>19915.52    | 10.59   | (3950.56)<br>168214.90  | 89.41   |
| 1997-98   | (5161.20)<br>234163.75   | (433.83)<br>19682.72    | 8.41    | (4727.37)<br>214481.03  | 91.59   |
| 1998-99   | (5312.86)<br>254911.02   | (412.22)<br>19778.32    | 7.76    | (4900.64)<br>235132.70  | 92.24   |
| 1999-2000 | (5752.20)<br>288185.16   | (352.01)<br>17635.64    | 6.12    | (5400.19)<br>270549.52  | 93.88   |
| 2000-2001 | (6467.30)<br>348587.43   | (320.37)<br>17267.94    | 4.95    | (6146.93)<br>331319.49  | 95.05   |
| 2001-2002 | (5986.09)<br>343661.45   | (320.12)<br>18378.23    | 5.35    | (5665.97)<br>325283.22  | 94.65   |
| 2002-2003 | (6548.44)<br>37914.49    | (354.47)<br>20524.13    | 5.41    | (6193.97)<br>358630.36  | 94.59   |
| 2003-2004 | (7602.99)<br>448272.22   | (341.11)<br>20111.59    | 4.49    | (7261.88)<br>428160.63  | 95.51   |
| 2004-2005 | (8654.52)<br>532339.73   | (418.56)<br>25745.71    | 4.84    | (8235.96)<br>506594.02  | 95.16   |
| 2005-2006 | (10526.16)<br>707463.51  | (518.77)<br>34866.88    | 4.93    | (10007.39)<br>672596.63 | 95.07   |
| 2006-2007 | (12177.86)<br>841003.01  | (471.69)<br>32574.91    | 3.87    | (11706.17)<br>08428.10  | 96.13   |
| 2007-2008 | (14110.08)<br>968000.88  | (10699.80)<br>734006.28 | 75.82   | (3411)<br>233994.6      | 24.18   |
| 2008-2009 | (15565.19)<br>1070885.07 | (12347.77)<br>849526.58 | 79.33   | (3217.42)<br>221358.50  | 20.67   |
| 2009-2010 | (16204.65)<br>1121037.69 | (12496.72)<br>864523.09 | 77.12   | (3707.93)<br>256514.60  | 22.88   |

Out of the total export earnings of US dollar 16204.65 million during the FY 2009-2010 the share of primary commodities stood at US dollar 793.64 million and that of manufactured products at US dollar 15141.01 million i.e. 2.73% and 95.10% respectively as against US dollar 424.91 million and US dollar 16204.65 million i.e. 2.73% and 97.27% respectively during the FY 2009-2010

## **2.4 REVIEW OF THE LITERATURE ON RMG COVERED BY THE SURVEY**

The present study needs analysis and examination of six categories of literature. From the fundamental point of view the research topic uncovers conceptual aspects and related literature reviews like papers, publications, books etc. Secondly, the research study formulated by RMG industry in Bangladesh needs to examine its related publications, papers, articles and various issues for literature review.

The concept of international market and marketing and export are highlighted in the books of international marketing by Cateora and Hess. International marketing by Paliwoda, marketing research by Luck-Wales-Taylor, marketing research by Boyed, Wasteful and Stash, marketing management by Philip Kotler. The export trade of Bangladesh by S.A.L Reza. Hand book for exports in Bangladesh published by Export Promotion Bureau. The non-traditional export of Bangladesh is a new concept introduced in five year plan, Planning Commission, and Ministry of Planning. A study of the available literature uncovers that the Bureau of Economic Research published "non-traditional exports of Bangladesh: trends, performance and prospects" in March 1982 which comprised non-traditional exports performance and analyzed the future prospects.

The above review of the concerning literature on the present research topic exposes paucity of the literature on these exportable items. The imprint of inadequate number of literature denotes that no exhaustive research was conducted covering all the aspects in the relevant export of Bangladesh. Despite these limited and inadequate literature review, the present study makes an attempt to analyze and highlight the problems, performance, and prospects of the ready made garment industry in Bangladesh. The study tries to find out the actual situation of these items in international market and recommends some policy support in concerning areas.

## **2.5 EXPERT VIEWS OF THE SUPPORTING AND RELEVANT INSTITUTION**

This study is attempted to focus the problems and prospects of RMG products of Bangladesh on the basis of the information of the export units (Firms) and published secondary information. There were, however, other knowledgeable persons of relevant and supporting institutions who were believed to have some clear idea about the problems and prospects of the RMG.

In this research study, 12 top executives of the relevant and helping institutions have been interviewed i.e. 4 Executives from Bank (including Bangladesh Bank). 3 from Exporters Association, one from Dhaka Chamber of Commerce and one from Export Promotion Bureau, one from BSTI, one from Handloom Board and one from Sadharon Bima. The helping institution and their knowledgeable persons have been selected somewhere pm the basis of purposive sampling method and somewhere on the basis of random sampling method.

**Table –6**

Showing the Distribution of Personal Qualification of Knowledgeable persons.

|    | Name of the organization                    | Age | Designation                        | Educational Qualification |
|----|---|-----|------------------------------------|---------------------------|
| 1  | Export Promotion Bureau                     | 54  | Director General                   | Post Graduate             |
| 2  | Bangladesh Bank                             | 45  | GM                                 | Do                        |
| 3  | Islami Bank Bangladesh Ltd.                 | 45  | Assistant Vice President           | Do                        |
| 4  | Sonali Bank                                 | 45  | GM                                 | Do                        |
| 5  | Agrani Bank                                 | 46  | GM                                 | Do                        |
| 6  | Dhaka Chamber of Commerce                   | 50  | President                          | Do                        |
| 7  | Bangladesh Standard and Testing Institution | 55  | DG                                 | Do                        |
| 8  | Bangladesh Handloom Board                   | 45  | Chief, Planning and implementation | Do                        |
| 9  | Sadharan Bia Corporation                    | 45  | GM                                 | Do                        |
| 10 | BGMEA                                       | 52  | Secretary                          | Do                        |
| 11 | BKMEA                                       | 49  | Do                                 | Do                        |
| 12 | BTTLMEA                                     | 70  | Do                                 | Do                        |

The collected data reveal that almost all executives of the helping institution belong to the age of 45-55 years and they all are qualified in post graduation degree.

The views of the knowledgeable persons and the top executives of the Export Promotion Bureau who were engaged in the effort to promote the export trade of the country highlight different opinions that EPB is mainly responsible for:

- Adoption of dynamic policy and program measures for active promotion of exports.
- Co-ordination of export development efforts at various levels.
- Carrying out of promotional activities in product and supply development.
- Exploration of markets abroad.
- Collection and dissemination of trade information.
- Organization of participation in international trade and export fairs abroad.
- Imparting of training.
- Conducting of studies, surveys, research etc. EPB also acts as the secretariat of the Govt. in formulating export policy of the country.



The experts also opine that they provide generalized system of preferences (GSP) facilities and in importing raw materials. They provide back to back (duty) facilities through bonded warehouse. They view that they can not extend sufficient cooperation to the exporters for the cause of bureaucratic complexity. But the experts reported that RMG exporters face problem in long process of importing raw materials and exporting finished goods, quality and price. They also comment that RMG products are prospective in EEC, USA, Japan, Australia, Europe, Middle East and Australian market.

The president of Dhaka Chamber of Commerce and Industry views that they provide various international information, counseling service, contact, recommendation letter, introducing the exporters to banks. The expert exposes that, "I am directly involved in exporting RMG product, as a business man. As a President of DCCI I am involved in export through research, information dissemination etc." He view that we extend sufficient cooperation to the exporters through regularly circulation of foreign importers demand of export from Bangladesh and disseminated policy related information to the members and when a member faces problem, Chamber works as representative body of the exporters. He comments that non-traditional exporters are facing different problems in connection with their respective products, specifically manufacturer are facing shortage of Product. The expert opines that RMG products are prospective in EEC, USA, and EU Australia.

Bangladesh Bank accounts for export earnings through transaction in cash foreign exchange and also under barter and special trade arrangements (STA) as reported by the banks to the Bangladesh Bank. They assist the exporters in making policy and guidelines. But executives of the commercial bank (Sonali, Agrani, Islami) view that they provide exporters through back-to-back L/C, bank guarantee, post shipment financing, pre-shipment financing (100%), packing credit facilities (33%) and cash credit financing (67%). All bank executives opine that they extend sufficient cooperation to the exporters. But they reported about the problems of RMG exports like imposing quota, customs harassments in slow disposal of the case, infrequent quality, lengthy procedure of EPB, consignment basis export, new exporters are not facilitated, moral influence and some infrastructural problems like labor unrest, strike, hartal and political unrest. But they think that RMG is more prospective in USA, EU.

Sadharon Bima Corporation also provided assistance to the both traditional and non-traditional exportable items and exporters of these items. The knowledgeable persons of the corporation opine that they provide assistance through export financing guarantee (Pre and post shipment stage) to the bank and export credit guarantee to all kind of exporters. The expert comments that product diversification and price fluctuation in international market create problem in the export. But the RMG products are prospective in foreign market.

Bangladesh Standard and Testing Institution is also an important institution for testing of standard of goods. But the top executive of the institution expressed that, "So far I know there is no relation in between BSTI and exporters in respect of certification market system, but RMG industry maintains its quality as per buyer instruction and standard."

The key personnel of Bangladesh BTMA view that they provide assistance to the RMG exporters by supplying fabric and knit exporters through supplying quality cotton, on the request of BTMC. He opines that the institution has been trying to extend their co-operation. The expert views that the problems of selected non-traditional exportable are in frequent quality yarn, dyes chemicals, back dated technology in all respect and high cost of raw materials. But he comments that Bangladeshi RMG Products are very much prospective in international market. The key personnel of the three (non-traditional items) Exporters Association express that they provide their assistance to the export of relevant items through supplying all kind of local and international information. They also help the member exporters through inquiries of demand and normally they involve in the matters related to the common interest of manufacturers and exporters. But all individual associations extend special help to their specific product and also try to provide policy support. But the exporter face financial, technical and administrative problem in all respects. The key personnel of the garments exporters association views that they assist the exporter through distributing quota and negotiation with foreign trade delegates and supply market information and promotion etc. The experts express that imported raw materials, inferior fabric and cotton are problems of RMG products, but in all respects the items are very much prospective in EEC, USA, Canada, etc.

From the above analysis the data reveal uniform and differential expression which is the views of the knowledgeable persons of the helping and relevant institutions regarding the RMG products. Except three (non-traditional items) exporters association, all remaining supporting institutions policy measures are uninformed and comments are also the same.

**Table -7**

Showing the Expert Comments about Exporters Performance.

| Foreign Market Demand/Market Analysis     | No. of Respondent | Percentage |
|---|-------------------|------------|
| Clear understanding                       | 1                 | 8.33       |
| Aware                                     | 2                 | 16.67      |
| Not Aware                                 | 2                 | 16.67      |
| Not clear understanding                   | 4                 | 33.33      |
| Some exporter have understanding capacity | 3                 | 25         |
| Total                                     | 12                | 100        |

From the analyzing collected data it is found that the exporters have no clear understanding or concept about foreign market demand and market analytical knowledge and this view was expressed by 33.33% interviewed executives. 25% opines that somewhere the exporters understand the position, and about 16.67% exposes that the exporter and simply not aware and 16.67% are aware of the market situation. Only 8.33% views that the exporters have clear concept and understanding capacity about international market analysis.

**Table – 8**

Showing the Distribution of Executives Comments regarding quality, cost and shipment system:

| Name of the product | Respondents comments about |       |                       |       |  |       |
|---------------------|----------------------------|-------|-----------------------|-------|--|-------|
|                     | Quality                    | %     | Price                 | %     | Shipment                                 | %     |
| Woven               | Better/Satisfactory        | 25    | Competitive/high      | 25    | Long procedure<br>By air, not reasonable | 8.33  |
|                     | Good/Medium                | 8.33  | Lower/Cheap           | 16.67 |  |       |
|                     | Not satisfactory           | 8.33  |                       |       |  |       |
| Knit                | Better/satisfactory        | 16.67 | Competitive/High      | 16.67 | Normal                                   | 33.32 |
|                     | Good/Medium                | 8.33  | Normal/<br>Reasonable | 16.67 |  |       |
|                     |                            |       |                       |       |  |       |
| Sweater             | Not upto the mark          | 8.33  | Competitive           | 16.67 | Normal                                   | 33.32 |
|                     | Good/Medium                | 33.32 | Lower/Cheap           | 16.67 |  |       |

The above data uncover that executive comments regarding the quality, cost and shipment facilities differ from one product to another. But all the (12) respondents (Expert) have not commented about all the selected items and every relevant factors. But the comments regarding quality expose in favour of RMG products. In considering price, it appears that RMG (25%) are in better position and all the experts also view that the shipment system and facilities are in normal position in the case of delivery.

The knowledgeable persons have exposed some suggestions for improving the market position and solving the problems in international market. The development of institutional framework, infrastructural support, human resource development, moral courage is essential to help the exporters at present position. Director General of EPB and President of DCCI expressed these. They view that export efficiency should be developed and market research study should be done. The experts are also opine that international policies like GATT, SAPTA, EC, ISO should be thoroughly analyzed and awareness should be grown up, so that the new exporters can understand the impact of these policies in their product.

The executives of the three commercial banks proposed that for exemption of quota, the Govt. should maintain better relationship and proper commitment with the quota imposing country and may conduct seminar, symposium, fair and others relating to export development showing quality products. Exporting customs formalities should be relaxed and in no case consuming of time should not be longer. The other three experts view that the development of RMG export, production of qualitative, the raw materials should be available in the country, design should be diversified and financial and technical assistance should be available in the country.

## **CHAPTER 3**

### **Research Methodology of the study**

#### **3.1 RESEARCH FIELD**

Garment Industries in Bangladesh and their Backward Linkage Industry

#### **3.2 METHODS OF COLLECTING DATA**

The researcher has collected data for justified sample size. For this research project, the researcher has used personal interview method by using questionnaire through mail to reduce time and monetary cost.

#### **3.3 SAMPLING TECHNIQUE**

There are Five thousand one hundred fifty (5150) garments units in Bangladesh. But three thousand four hundred fifty (3450) garment units are in actual operation. the researcher has selected the sample size by following formula:

#### **SAMPLE SIZE FORMULA FOR OUR SAMPLE SIZE CALCULATION**

Here are the formula used in our sample size calculation:

Sample Size

$$ss = \frac{z^2 \times (p) \times (1 - p)}{c^2}$$

$$n = ss = \frac{1.96 \times 1.96 \times .25 \times .75}{.05 \times .05} = \frac{38416 \times .1875}{.0025} = \frac{.7203}{.0025} = 288$$

Where

Z= 1.96 for 95% confidence level

P= Percentage picking a choice, expressed as decimal (P=.25)

C= Confidence interval, expressed as decimal (C=.05= ± 5)

Correction for Finite Population

$$news = ss = \frac{ss}{1 + \frac{ss - 1}{pop}} \quad (\text{Where pop= population})$$

A. When population for woven = 1796

$$\text{news} = ss = \frac{ss}{1 + \frac{ss-1}{pop}} = \frac{288}{1 + \frac{288-1}{1796}} = 248$$

Table-9

| Name of the product | Actual in operation | Selected Sample (13%) | Territory   | Size of Units |    | Nos |
|---------------------|---------------------|-----------------------|-------------|---------------|----|-----|
|                     |                     |                       |             |               |    |     |
| Woven               | Large=809           | 112                   | Dhaka       | L             | 35 | 80  |
|                     |                     |                       |             | M             | 25 |     |
|                     |                     |                       |             | S             | 20 |     |
|                     | Medium=538          | 74                    | Gazipur     | L             | 30 | 68  |
|                     |                     |                       |             | M             | 20 |     |
|                     |                     |                       |             | S             | 18 |     |
|                     | Small=449           | 62                    | Narayangonj | L             | 25 | 57  |
|                     |                     |                       |             | M             | 16 |     |
|                     |                     |                       |             | S             | 16 |     |
|                     | TTL=1796            | TTL= 248              | Chittagong  | L             | 22 | 44  |
|                     |                     |                       |             | M             | 14 |     |
|                     |                     |                       |             | S             | 8  |     |

### B. When population for knit = 1130

$$\text{news} = ss = \frac{ss}{1 + \frac{ss-1}{pop}} = \frac{288}{1 + \frac{288-1}{1130}} = 229$$

**Table-10**

| Name of the product | Actual in operation | Selected Sample (20%) | Territory   | Size of Units |    | Nos |    |
|---------------------|---------------------|-----------------------|-------------|---------------|----|-----|----|
|                     |                     |                       |             |               |    |     |    |
| Knit                | Large=508           | 103                   | Dhaka       | L             | 32 | 70  |    |
|                     |                     |                       |             | M             | 20 |     |    |
|                     |                     |                       |             | S             | 18 |     |    |
|                     | Medium=339          | 69                    | Gazipur     | L             | 28 | 62  |    |
|                     |                     |                       |             | M             | 18 |     |    |
|                     |                     |                       |             | S             | 16 |     |    |
|                     | Small=283           | 58                    | Narayangonj | L             | 25 | 55  |    |
|                     |                     |                       |             | M             | 16 |     |    |
|                     |                     |                       |             | S             | 14 |     |    |
|                     | TTL=1130            | TTL =229              |             | Chittagong    | L  | 18  | 43 |
|                     |                     |                       |             |               | M  | 15  |    |
|                     |                     |                       |             |               | S  | 10  |    |



### **3.6 SECONDARY SOURCES OF INFORMATION (DATA)**

The present study is partially dependent upon the secondary data obtained from the following sources:

- a) The Ministry of Planning
- b) The Ministry of Finance
- c) The Ministry of Commerce
- d) Export Promotion Bureau (EPB)
- e) Bangladesh Bank
- f) Dhaka Chamber of Commerce & Industry.
- g) BGMEA
- h) BKMEA
- i) Key personnel of Export Processing Zone
- j) Relevant journals, periodicals, annual reports, report and survey of both national and international organization have been consulted.

### **3.7 SELECTION OF EXECUTIVES AND KNOWLEDGEABLE PERSONS**

There are some important institutions and organizations, which are related with the 100% export-oriented RMG industry as supervising authority, or controlling or an advising or helping hands. In this study, executives or knowledgeable persons of the following institutions or organizations have been selected for interview:

- (a) Director General of Export Promotion Bureau
- (b) Two Executives of Trade Associations of the relevant export items.
- (c) President, Dhaka Chamber of Commerce & Industry.
- (d) President, Bangladesh Garment Manufactures & Exporters Association.
- (e) President, Bangladesh Knit Manufacturers and & Exporters Association.
- (f) Governor, Bangladesh Bank
- (g) Two Executives of Commercial Bank.
- (h) Director General, Bangladesh Standard and Testing Institution.

From all the organizations total of 16 Executives have been selected positively.

## **CHAPTER 4**

### **Data presentation and analysis**

#### **4.1 GROWTH OF RMG INDUSTRY**

To save the country from being solely dependent on foreign aids, the then Government and a class of entrepreneur took initiatives to export non traditional items and since then gradually flourished this garment industry.

In its continuation in the decade of 80 some non-traditional items including readymade garments, frozen food, handicrafts and leather introduced a new horizon in financial development by mutual cooperation between the Government and the Entrepreneurs. The lion portion of export income of these non-traditional items comes from readymade garment industries. Keeping this trend uninterrupted, the readymade garment industry in the mean time acquired its place in the top of exportable items in its history of 29 years.

So the readymade garments industry of Bangladesh is not only the highest foreign exchange earning sector among the exportable items of the country, rather it ensures the huge unemployed class of the country to participate in productive industries and assist to find out the way to earn the livelihood to them and their family. Besides, the role of the readymade garment industry is wide towards financial self-sufficiency and acquiring social power of women. Women who had no position in the society, had no social status, even had no capacity to work in a formal organization, readymade garment industry helped them to raise their heads and stand on their own feet in the society, brought scopes to prove their efficiency in the sphere of activity. Due to this industry, the banking and insurance business of the country development remarkably. The transport business in roads and railways inside the country is expanded. Both domestic and international airlines business of the country and shipping business in the waterways are flourished. Cargo handling, C & F system, Buying House, Hotel, Tourism, everywhere readymade garment industry brought a new probability, a new horizon of business\*31.

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\*31. Bhattacharya D.Priya, "Women and Industrial Employment in Bangladesh" Challenging and Opportunities in the Era of New Technologies, Report prepared for United Nationals University Institute of New Technology, Maastricht.

At present the number of worker serving in Bangladesh garments industry is about 2.0 million. Due to employment in garment industries, the buying capacity of these 2.0 million workers increases. Due to this increase of buying capacity and creation of wide class of consumers for various consumers-items in the market, garment industry sector is recognized to play the important role.

More seven or eight hundred thousand workers are serving in subsidiary industries that produce necessary raw materials and various accessories for garment industries. So besides developing the socio-economic condition of the country, removal of extensive burden of unemployment is made possible only due to this industrial sector. It can be said now without hesitation that there is no scope to disparage the great contribution of this industry towards building a bright future for Bangladesh.

The present garment industry has shown the light of expectation after the inversion of jute industry. In all respect for last twenty nine years this garments industry has given rise to a silent revolution in the economy of the country. The development of garments industry may be easily understood from the information table mentioned in the below\*32.

---

\*32. Source: Bangladesh Garment Manufacturers and Exporters Association (BGMEA)

**1983-84**

|                                       |   |        |
|---------------------------------------|---|--------|
| No of Garment Factories               | : | 134.00 |
| No of Garment Workers                 | : | 40,000 |
| Export Earning in Million US\$        | : | 31.57  |
| Export Earning in Core TK.            | : | 78.74  |
| RMG's Contribution to National Export | : | 3.89%  |

**1987-88**

|                                       |   |          |
|---------------------------------------|---|----------|
| No of Garment Factories               | : | 685      |
| No of Garment Workers                 | : | 3,06,000 |
| Export Earning in Million US\$        | : | 433.92   |
| Export Earning in Core TK.            | : | 1355.57  |
| RMG's Contribution to National Export | : | 35.24%   |

**1991-92**

|                                       |   |           |
|---------------------------------------|---|-----------|
| No of Garment Factories               | : | 2,182     |
| No of Garment Workers                 | : | 12,00,000 |
| Export Earning in Million US\$        | : | 2228.35   |
| Export Earning in Core TK.            | : | 8957.97   |
| RMG's Contribution to National Export | : | 64.17%    |
| Value Addition                        | : | 17.70%    |

**1994-95**

|                                       |   |           |
|---------------------------------------|---|-----------|
| No of Garment Factories               | : | 2,963     |
| No of Garment Workers                 | : | 15,00,000 |
| Export Earning in Million US\$        | : | 4020.23   |
| Export Earning in Core TK.            | : | 4020.23   |
| RMG's Contribution to National Export | : | 75.67%    |
| Value Addition: 75.67%                | : | 75.67%    |

## 2009-2010

|                                       |   |                    |
|---------------------------------------|---|--------------------|
| No of Garment Factories               | : | 5063               |
| No of Garment Workers                 | : | 3.60 million       |
| Export Earning in Million US\$        | : | 12496.72 million   |
| Export Earning in Core TK.            | : | 1024731.00 million |
| RMG's Contribution to National Export | : | 77.12%             |
| Value Addition                        | : |                    |

## 2010-2011

|                                       |   |                    |
|---------------------------------------|---|--------------------|
| No of Garment Factories               | : | 5150               |
| No of Garment Workers                 | : | 3.60 million       |
| Export Earning in Million US\$        | : | 17914.46 million   |
| Export Earning in Core TK.            | : | 1468985.70 million |
| RMG's Contribution to National Export | : | 78.15%             |
| Value Addition                        | : |                    |

The sectors in which the influence of garments industry spread remarkably in the economy of Bangladesh is deducible from the table mentioned below\*33.

**Table-13**

Showing the inferential income of RMG units.

| Serial # | Sectors                | Inferential Income    |
|----------|------------------------|-----------------------|
| 1        | Employment's wage Bill | Taka 1812 Crore       |
| 2        | Bank                   | Taka 1000 Crore       |
| 3        | Insurance              | Taka 175 Crore        |
| 4        | Electricity            | Taka 360 Crore        |
| 5        | Madical                | Taka 54 Crore         |
| 6        | House Rent             | Taka 360 Crore        |
| 7        | Clothes                | Taka 127 Crore        |
| 8        | Cosmetics              | Taka 91 Crore         |
| 9        | Conveyance             | Taka 510 Crore        |
| 10       | Truck Hire             | Taka 180 Crore        |
|          | <b>TOTAL</b>           | <b>Taka 2857Crore</b> |

\*33. Source: Export Promotion Bureau and BGMEA.

From the above information this perceptible object becomes easily visible that readymade garments industry has now turned to be the main driving force of our national economy. It is needless to say from the above information table that there is no scope to disparage the great contribution of this industry towards building a bright future for Bangladesh. But in the perspective of some internal problems in the garment industry of present Bangladesh, abatement in the international market, the export of garments is apprehended to be reduced. Hence, in order to keep the continuity of development flow of Bangladesh uninterrupted and endure the only support for livelihood of the large working class of this country inhabited by large population, main barriers existing in the way for the growth of this industry are to be identified seriously and then find the way for proper solution.

Through garment industry is a quick metamorphic industry and seems to be a complicated job, in spite of that my effort is only to identify the problems of this industry and find the solution to get rid of this present crucial danger, hereby submit the result received from my research.

#### **4.2 DEVELOPMENT OF THE RMG INDUSTRY**

Starting in the late 70's, Bangladesh has, by this time, attained considerable success in garment export in the 80's bringing in tremendous socio economic changes in the country. The success of this sector has brought a new dimension to the economic scenario, which has augmented the share of manufactured products in the economy\*34.

The garment industry can be established in small spaces by using the multi-storied facilities of buildings. The industry, which is free from vast environmental pollution, can be set up in any place. For this reason the importance of the discussed matter is boundless.

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\*34. Rahman Mr. Moklesur, Management Procedure of Export Oriented Garments Industry. Premier Economic Advancement Concern'1993.

So the ready-made garment industry in Bangladesh has grown at a rapid rate since 1988. Garment manufacturing is a labour intensive industry, and in the first few years of its life any develop country, initial capital investment requirements are modest. Taking this two aspects into account, it is obvious why garment manufacturing plays such an important role in the industrial development of most third world countries. However, garment exports from the country were mainly limited to woven cloth in the 80's and export of garments of knitted cloth made humble beginning only in last leg of 80,s.

Garment industry of Bangladesh is recognized as small and cottage industry. The industry involves a considerable division labour but essentially needs skilled manpower. The machinery used are mostly sewing, cutting, over locked, rib cutting, and circular knitting machinery also used in composite garment industry with traditional technology. Recently a few enterprises have introduced modern machinery and production methods.

Garment industries of Bangladesh are basically labour intensive. The type of skilled and semi-skilled workers needed for this industry that's are abundantly available in this country. The, the cost of the skilled workers in this country is also cheaper compared to the similar workers in the developed and other developing countries.

**Table-14**

**The international wage comparison of labour in the garment sectors are given below \*35**

| Country           | Wage Per month (us\$) | Bangladesh Lower Than The others Times |
|-------------------|-----------------------|--|
| Taiwan            | 228                   | 7.86                                   |
| South Korea       | 905                   | 7.06                                   |
| Hong Kong         | 114                   | 3.93                                   |
| Pakistan          | 63                    | 2.17                                   |
| India             | 55                    | 1.90                                   |
| <b>Bangladesh</b> | <b>29</b>             | <b>1.00</b>                            |

\*35. World Bank estimate 2009-2010.



**Table-14.a****Minimum Wages (Proposed in Bangladesh Prospects)**

| Type of industries     | Trainee (Maximum-6 month) US\$ | Helper US\$    | Junior operation US\$ | operation US\$     | senior operator US\$ | High skilled US\$ | Comments |
|------------------------|--------------------------------|----------------|-----------------------|--------------------|----------------------|-------------------|----------|
| Garments Industries    | 20                             | 30             | 35                    | 45                 | 50                   | 58                |          |
| Electronic Industries  | 22                             | -              | 38                    | 50                 | 60                   | -                 |          |
| Terry Towel Industries | 20                             | -              | -                     | -                  | -                    | -                 | 30       |
| Textiles Industries    | 20 (Unskilled)                 | 35 (Unskilled) | 40 Semiskilled        | 45 Skilled Grade-2 | 50 Skilled Grade-1   | 58                |          |

**Table-14.b****Other Facilities**

|   |   |   |
|---|---|---|
| 1 | <b>Festival Bonus</b>                     | All employees shall be entitled to one month's basic pay on the occasion of two Eid Festival. After completion of six month service |
| 2 | <b>Provident Fund</b>                     | Employees on regular employment shall be entitle for provident fund which is minimum 8.33%  |
| 3 | <b>Production &amp; Attendance Bonus</b>  | As desired by management or company an employee shall be entitled to such production & attendance Bonus                             |
| 4 | <b>Canteen &amp; Cafeteria Facilities</b> | Do  |
| 5 | <b>Arrangement of Vehicles</b>            | Do  |
| 6 | <b>Annual Increment</b>                   | After satisfactory completion of one year active service  |
| 7 | <b>Basic Salary</b>                       | As per Entitlement of law of the BEPZA  |

On the basis of the above table in comparison to the other RMG exporters, Bangladesh is in the better position in the context of lower wage rate of making charge. This is why; the return from capital investment in this sector is rapid and so high.

### **4.3 EXECUTIVE SUMMARY OF READYMADE GARMENTS INDUSTRY**

The RMG sector has become by now the life-blood of Bangladesh's economy and playing an indispensable role in maintaining the social stability of the country. The sector alone fetches in an average over 79.33 percent of the total export earning of the country and employed an estimated 3.60 million workers of which more than 80 percent are the underprivileged women of the society. Indirectly, over 5150 member units of Bangladesh Garment Manufacturers and Exporters Association (BGMEA) are feeding at least 10 million people who comprise the workers, their dependants and the people engaged in the allied sectors linked to the sector\*36.

The spectacular success of today's RMG sector which began in the eighties greatly owes to the hard work of the enterprising and self-made manufacturers, state patronization through policy support and most importantly, the quota protection from the United States and Generalized Systems of Preference (GSP) facilities being provided by the European Unity (EU) nations. Since the formative days, the onward journey and the phenomenal growth continued uninterrupted despite all domestic snags and international hurdles being faced by the exporters of a Least Developed Country (LDC)\*37.

At home, the garment exporters have been raising their voice to improve the poor backward linkage base and inadequate infrastructure system, stop political turmoil and raise the insufficient bureaucratic cooperation. At the same time, the association has been making constant efforts for securing preferential market access.

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\*36. Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

\*37. Sources: Export Promotion Bureau and BGMEA.

With only 10 months left for total phasing out of the MFA putting countries like Bangladesh into total uncertainty given the country's poor capacity, the garment entrepreneurs are watching with grave concern the continuous imposition of non-tariff barriers and uneven distribution of business favour to many countries through bilateral agreements by major importing countries reducing further the market access of Bangladesh garment products.

Besides the beneficiary countries due to NAFTA, USTDA-2000 and other bilateral pacts, China has emerged as the most formidable threat to the exports of the LDCs\*38.

The local garment sector, for sure was awaiting a catastrophic situation in the post-MFA era, as it was to acquire the overall capacity to withstand the shock. Although the government, the manufacturers and the nation as a whole was concerned over the eventual debacle of the sector in 2005, the time gap is not enough to fix everything up to the mark.

The emergence, growth and role of the garment sector in the socio economic stability of Bangladesh coupled with the upcoming impacts of MFA phase out and remedial steps to face the situation have been briefly highlighted in the presentation with insertion of data and statistics collected from authentic sources.

Let us not forget that the national export earning would not only suffer a set back due to the ruthless competition in 2005. The RMG sector, if crumbles, would throw out a over a million women on the streets and make a total of five mullion people jobless, push over 3000 investors out of business. It was difficult for the nation to afford the colossal loss of a shattered economy and upset society.

This was high time that both the industry and the government should be proactive to minimize the impacts to emanate in 2005.

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\*38. Sources: Export Promotion Bureau and BGMEA.

#### **4.4 HOW BANGLADESH EMERGED A LEADING EXPORTER**

Bangladesh's emergence at the world apparel map and its subsequent break through as one of the leading garment exporters was possible basically because of Back to back Letter of Credit (L/C), Bonded Warehouse, Quota protection in US market, Generalized Systems of Preference (GSP) in EU and political turmoil in Sri Lanka at the initial stage.

**Back to back L/C:** The emergence and growth of local RMG sector greatly owes to introduction of Back to back L/C. It is a unique arrangement through which an entrepreneur, after receiving the buyer's L/C (Master L/C) can open Back to back L/C for importing fabrics and necessary accessories. Master L/C stands guarantee while the banks allow opening of Back to back L/Cs\*39.

The back to back L/C has tremendously supported the garment exporters to procure the raw materials on credit pending payment till receipt of proceeds of their finished products, otherwise they would have to invest huge cash making the order supply difficult.

**Bonded warehouse:** Decision allowing establishment of Bonded Warehouse to preserve imported fabrics for making finished products have also greatly helped the entrepreneurs to maintain the export deadline.

In Bangladesh where the local sources of fabrics procurement are extremely inadequate, the Bonded Warehouses under the direct vigilance of Customs department has been playing an important facilitating role in the growth of the sector.

**Quota in US market:**

Quota protection in US market, the single largest export destination of garment products of many countries, has been a key factor in growth of Bangladesh's RMG sector. In other words, Bangladesh in some categories time to time performed better than its major regional rivals like China and India because of the quota limit imposed on them in US market.

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\*39. Sources: Export Promotion Bureau, Bangladesh Bank & BGMEA.

Figures provided by the US based prestigious Sandler, Travis and Rosenberg show how Bangladesh performed better than India and China in Category 340/640 (Men's and Boys' woven shirts in three consecutive years (2000-2002).

### Men's and Boys' Woven Shirts Category 340/640

Table-15

| Country           | 2000<br>In million doz. | 2001<br>In million doz. | 2002<br>In million doz. | Year Ending<br>Oct-03<br>In million doz. |
|-------------------|-------------------------|-------------------------|-------------------------|--|
| World             | 42.47                   | 39.38                   | 38.15                   | 41.10                                    |
| <b>Bangladesh</b> | <b>4.52</b>             | <b>4.42</b>             | <b>4.24</b>             | <b>5.32</b>                              |
| India             | 2.48                    | 2.29                    | 3.10                    | 3.37                                     |
| China             | 2.08                    | 2.40                    | 2.54                    | 2.28                                     |

Again in Category 348/648 Bangladesh performed almost equal to China and better than India during the same period.

### Women's and Girls' Pants Category 348/648

Table-16

| Country           | 2000<br>In million doz. | 2001<br>In million doz. | 2002<br>In million doz. | Year Ending<br>Oct-03<br>In million doz. |
|-------------------|-------------------------|-------------------------|-------------------------|--|
| World             | 91.37                   | 96.58                   | 106.54                  | 117.35                                   |
| China             | 1.85                    | 2.39                    | 3.12                    | 2.92                                     |
| <b>Bangladesh</b> | <b>1.86</b>             | <b>2.27</b>             | <b>2.80</b>             | <b>2.20</b>                              |
| India             | 1.03                    | 9.34                    | 1.10                    | 1.03                                     |

The figures show that Bangladesh could achieve the success in US market just because of the quota protection, what will automatically cease to exist after midnight of 31<sup>st</sup> December this year\*40.

(Quota limit of China/India in category 340/347)

\*40. Sources: Export Promotion Bureau and BGMEA.

The following statistics show that in categories 340/640 and 347/348. Bangladesh performed much better than India and China in the years between 1997 and 2003 because of Quota restriction.

**Table-17**

|      | Bangladesh |             | India   |             | China   |             |
|------|------------|-------------|---------|-------------|---------|-------------|
|      | Cat        | Limit (Doz) | Cat     | Limit (Doz) | Cat     | Limit (Doz) |
| 1997 | 340/640    | 3,039,238   | 340/640 | 1,996,493   | 340     | 836,266     |
|      | 347/348    | 2,582,282   | 347/348 | 709,521     | 347/348 | 2,454,034   |
| 1998 | 340/640    | 3,350,905   | 340/640 | 2,354,670   | 340     | 850,413     |
|      | 347/348    | 2,846,760   | 347/348 | 787,691     | 347/348 | 2,529,199   |
| 1999 | 340/640    | 3,691,022   | 340/640 | 2,405,744   | 340     | 840,767     |
|      | 347/348    | 3,135,706   | 347/348 | 799,857     | 347/348 | 2,464,000   |
| 2000 | 340/640    | 4,065,662   | 340/640 | 2,580,065   | 340     | 839,239     |
|      | 347/348    | 3,453,982   | 347/348 | 881,042     | 347/348 | 2,419,985   |
| 2001 | 340/640    | 4,478,326   | 340/640 | 2,778,913   | 340     | 869,692     |
|      | 347/348    | 3,804,561   | 347/348 | 1,093,834   | 347/348 | 2,544,403   |
| 2002 | 340/640    | 5,061,820   | 340/640 | 3,172,301   | 340     | 863,004     |
|      | 347/348    | 3,949,163   | 347/348 | 1,234,833   | 347/348 | 2,480,353   |
| 2003 | 340/640    | 5,984,544   | 340/640 | 3,341,638   | 340     | 862,279     |
|      | 347/348    | 3,734,721   | 347/348 | 1,342,531   | 347/348 | 2,486,743   |

**Generalized System of Preference (GSP) in EU:** What the quota protection made possible for RMG sector in the USA, GSP did the same for Bangladesh RMG in European market.

Figures of Export Promotion Bureau (EPB) show how the country's export increased to 87.81 million US dollars in 2001 to 90.43 million dollars in the EU market.

However, although the EU wants to help the vulnerable developing countries in 2005, its main concern would be making the European textile and garment industry fully competitive in post-MFA era.

For this purpose, EU is trying to create a vast Free Trade Area covering nearly to 40 countries by 2010 within which a single set of Rules of Origin will be applied to help their own firms to take advantage of high tech production and cheaper labour in Eastern Europe.

## SHOWING THE RMG EXPORT TO EU UNDER GSP &amp; CO

Table-18

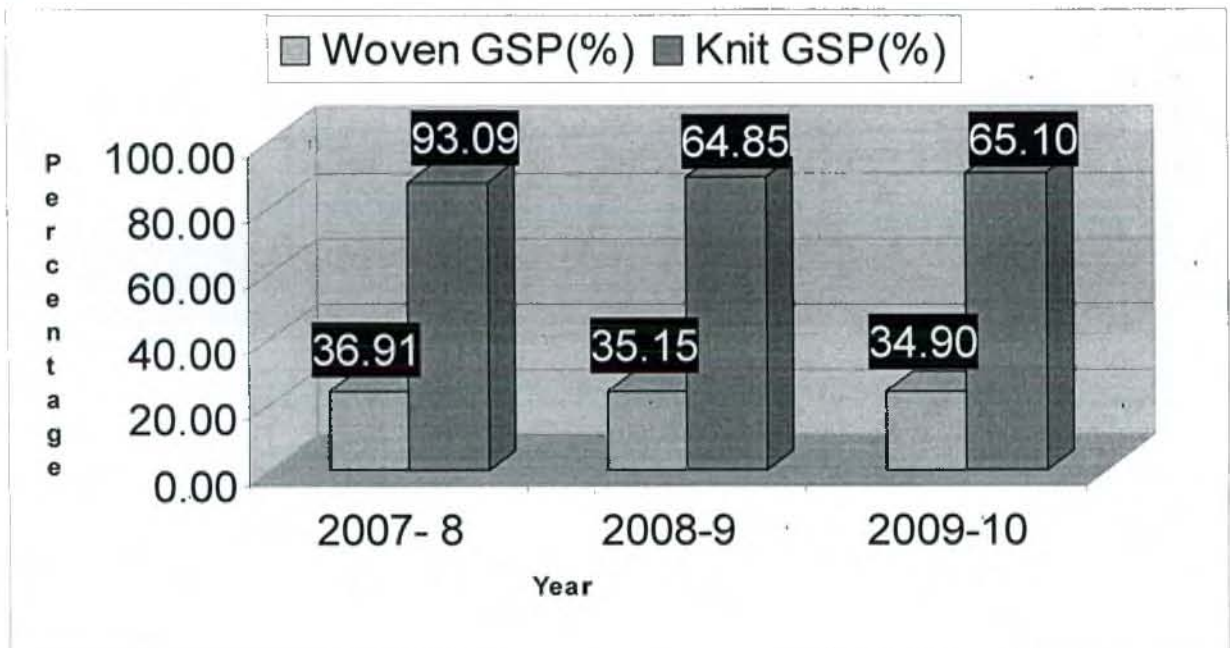
| Countries     | 2008-2009      |                | 2007-2008      |                | 2006-2007      |                |
|---------------|----------------|----------------|----------------|----------------|----------------|----------------|
|               | Knit           | Woven          | Knit           | Woven          | Knit           | Woven          |
| Austria       | 35.80          | 13.49          | 15.37          | 6.55           | 12.96          | 3.46           |
| Belgium       | 157.52         | 95.02          | 183.59         | 104.12         | 163.60         | 93.51          |
| Bulgaria      | 0.39           | 0.38           | 0.34           | 0.20           | 0.18           | 0.20           |
| Cyprus        | 0.63           | 0.01           | 0.56           | 0.03           | 0.84           | 0.03           |
| Czech Rep     | 15.66          | 1.84           | 15.69          | 1.51           | 10.75          | 2.37           |
| Denmark       | 131.23         | 23.94          | 103.43         | 17.74          | 83.48          | 17.89          |
| Estonia       | 0.13           | -              | 0.41           | -              | -              | -              |
| Finland       | 15.52          | 6.09           | 18.36          | 5.75           | 17.39          | 7.05           |
| France        | 705.69         | 264.11         | 639.55         | 237.46         | 475.86         | 201.98         |
| Germany       | 1334.40        | 801.40         | 1245.08        | 812.67         | 1103.28        | 760.13         |
| Greece        | 29.57          | 8.86           | 20.90          | 6.44           | 12.63          | 5.80           |
| Hungary       | 0.00           |                | 5.63           | 0.76           | 4.61           | 5.80           |
| Ireland       | 52.16          | 41.88          | 47.48          | 35.67          | 47.13          | 38.71          |
| Italy         | 368.86         | 153.42         | 320.42         | 146.76         | 268.00         | 139.59         |
| Latvia        | 0.16           | 0.06           | 0.03           | 0.02           | 0.11           | 0.60           |
| Lithonia      | 0.04           | -              | 0.11           | -              | 0.08           | 0.02           |
| Luxembourg    | 0.00           |                |                |                |                |                |
| Malta         | 0.66           | 0.04           | 1.19           | 0.05           | 1.46           | 0.14           |
| Netherlands   | 513.98         | 393.82         | 359.13         | 241.85         | 243.85         | 141.49         |
| Poland        | 43.49          | 5.57           | 31.01          | 4.56           | 18.47          | 2.90           |
| Portugal      | 24.51          | 6.53           | 17.14          | 5.42           | 11.74          | 3.05           |
| Romania       | 7.89           | 3.34           | 5.04           | 3.12           | 1.38           | 1.07           |
| Slovak Rep.   | 26.21          | 14.80          | 17.48          | 11.00          | 16.11          | 9.05           |
| Slovenia      | 2.08           | 0.37           | 2.13           | 0.30           | 2.19           | 0.26           |
| Spain         | 404.23         | 141.66         | 410.78         | 136.60         | 351.34         | 127.95         |
| Sweden        | 125.74         | 49.18          | 137.71         | 52.13          | 103.82         | 50.18          |
| UK            | 720.58         | 502.34         | 616.91         | 455.11         | 489.40         | 404.82         |
| <b>Total=</b> | <b>4717.13</b> | <b>2528.15</b> | <b>4215.47</b> | <b>2285.82</b> | <b>3440.66</b> | <b>2013.74</b> |

\* Source: Export Promotion Bureau.

**Political Turmoil in Sri Lanka:** Political turmoil in Sri Lanka also contributed to sudden growth of Bangladesh's garment sector as many buyers diverted their orders during the period of to Bangladesh on which they could rely for quality and timely shipment of products.

Graph-2

**Percentage of Woven & Knit Garment Export Under GSP To EU**





#### 4.5 THE PHENOMENAL GROWTH OF RMG SECTOR

The RMG sector in Bangladesh witnessed a meteoric growth. Figures compiled by Export promotion Bureau, Bangladesh Bank and the leading think tank Centre for Policy Dialogue (CPD) shows that Bangladesh's total garment export was worth 433.92 million US dollars in 1987-88. The export became more than double to 1182.57 million dollars in 1991-92. The amount jumped to 2547.13 million dollars in 1995-96 and again went up to 4352.39 million dollars. The leap forward continued till 2008-2009.\*41

With the increase of export volume, the number of factories, creation of employment and local value addition also increased at a quick pace.

#### GROWTH OF RMG IN BANGLADESH:

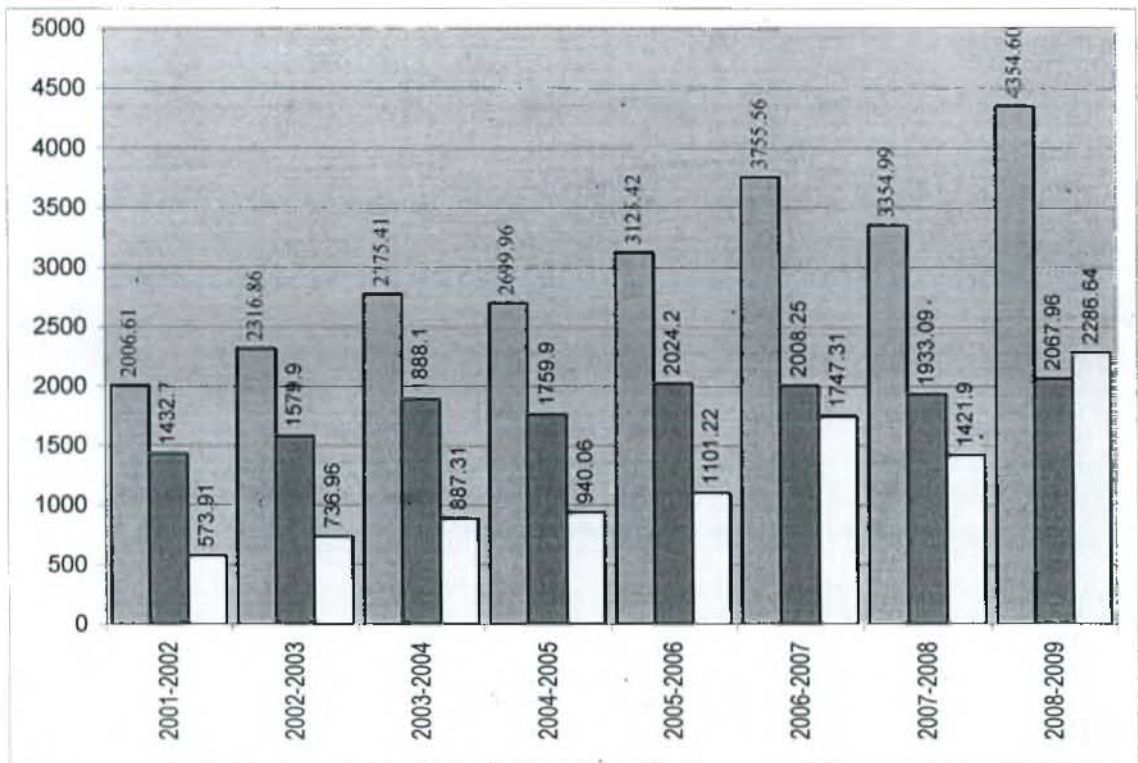
Table-19

| YEAR             | NUMBER OF GARMENT FACTORIES | EMPLOYMENT IN MILLION WORKERS | EXPORT IN MILLION US\$ | % OF RMG'S TO NATIONAL EXPORT |
|------------------|-----------------------------|-------------------------------|------------------------|-------------------------------|
| 1983-84          | 134                         | 0.040                         | 31.57                  | 3.89                          |
| 1984-85          | 384                         | 0.115                         | 116.20                 | 12.44                         |
| 1985-86          | 594                         | 0.198                         | 131.48                 | 16.05                         |
| 1986-87          | 629                         | 0.283                         | 298.67                 | 27.82                         |
| <b>1987-88</b>   | <b>685</b>                  | <b>0.306</b>                  | <b>433.92</b>          | <b>35.24</b>                  |
| 1988-89          | 725                         | 0.317                         | 471.09                 | 36.47                         |
| 1989-90          | 759                         | 0.335                         | 624.16                 | 40.96                         |
| 1990-91          | 834                         | 0.402                         | 866.82                 | 50.47                         |
| <b>1991-92</b>   | <b>1163</b>                 | <b>0.582</b>                  | <b>1182.57</b>         | <b>59.31</b>                  |
| 1992-93          | 1537                        | 0.804                         | 1445.03                | 60.64                         |
| 1993-94          | 1839                        | 0.827                         | 1555.78                | 61.40                         |
| 1994-95          | 2182                        | 1.200                         | 2228.35                | 64.17                         |
| <b>1995-96</b>   | <b>2353</b>                 | <b>1.290</b>                  | <b>2547.13</b>         | <b>65.61</b>                  |
| 1996-97          | 2503                        | 1.300                         | 3001.24                | 67.93                         |
| 1997-98          | 2726                        | 1.500                         | 3783.63                | 73.31                         |
| 1998-99          | 2963                        | 1.500                         | 4020.23                | 75.67                         |
| <b>1999-2000</b> | <b>3200</b>                 | <b>1.600</b>                  | <b>4352.39</b>         | <b>75.66</b>                  |
| 2000-2001        | 3480                        | 1.800                         | 4860.12                | 75.15                         |
| 2001-2002        | 3618                        | 1.800                         | 4583.80                | 76.57                         |
| 2002-2003        | 3760                        | 2.000                         | 4912.10                | 75.01                         |
| <b>2003-2004</b> | <b>3957</b>                 | <b>2.000</b>                  | <b>5686.09</b>         | <b>74.79</b>                  |
| 2004-2005        | 4107                        | 2.000                         | 6417.67                | 74.15                         |
| 2005-2006        | 4220                        | 2.200                         | 7900.80                | 75.06                         |
| 2006-2007        | 4490                        | 2.400                         | 9211.23                | 75.64                         |
| 2007-2008        | 4740                        | 2.500                         | 10701.65               | 75.84                         |
| 2008-2009        | 4925                        | 3.500                         | 12347.77               | 79.33                         |
| 2009-2010        | 5063                        | 3.600                         | 12496.72               | 77.12                         |
| 2010-2011        | 5150                        | 3.600                         | 17914.46               | 78.15                         |

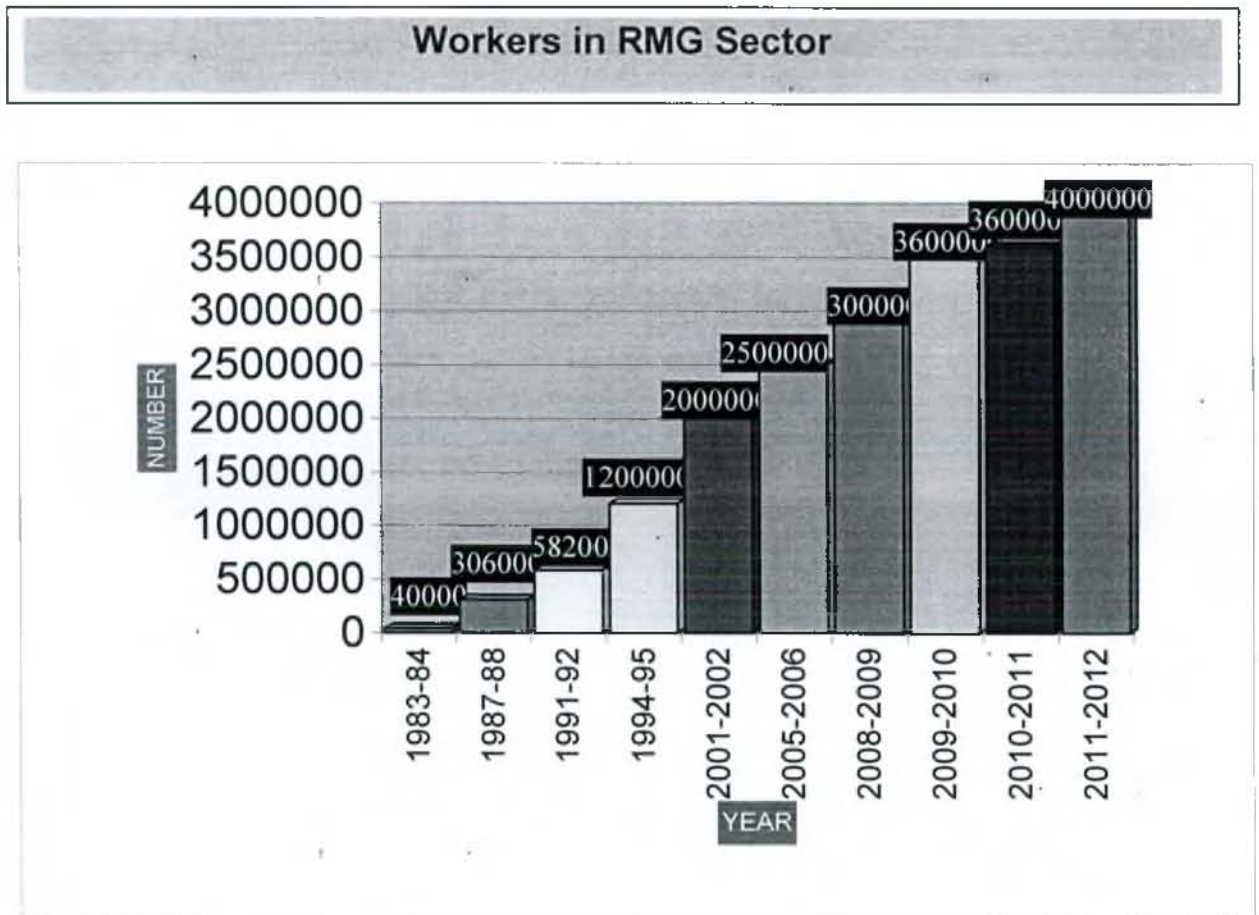
\*41. Source: BGMEA, Export Promotion Bureau, Bangladesh Bank, Center for Policy Dialogue (CPD).

Graph-3

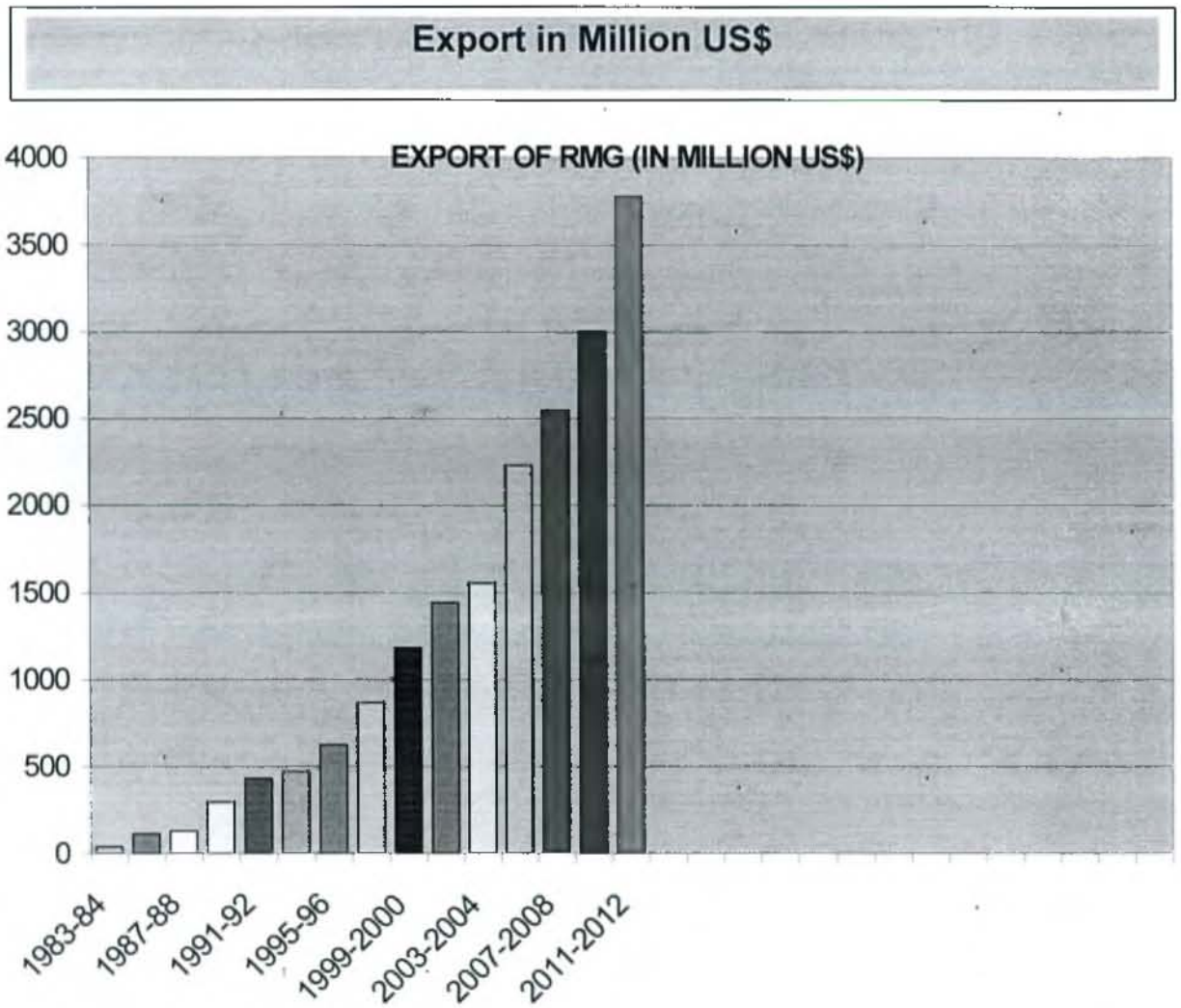
Growth of Garments Factories



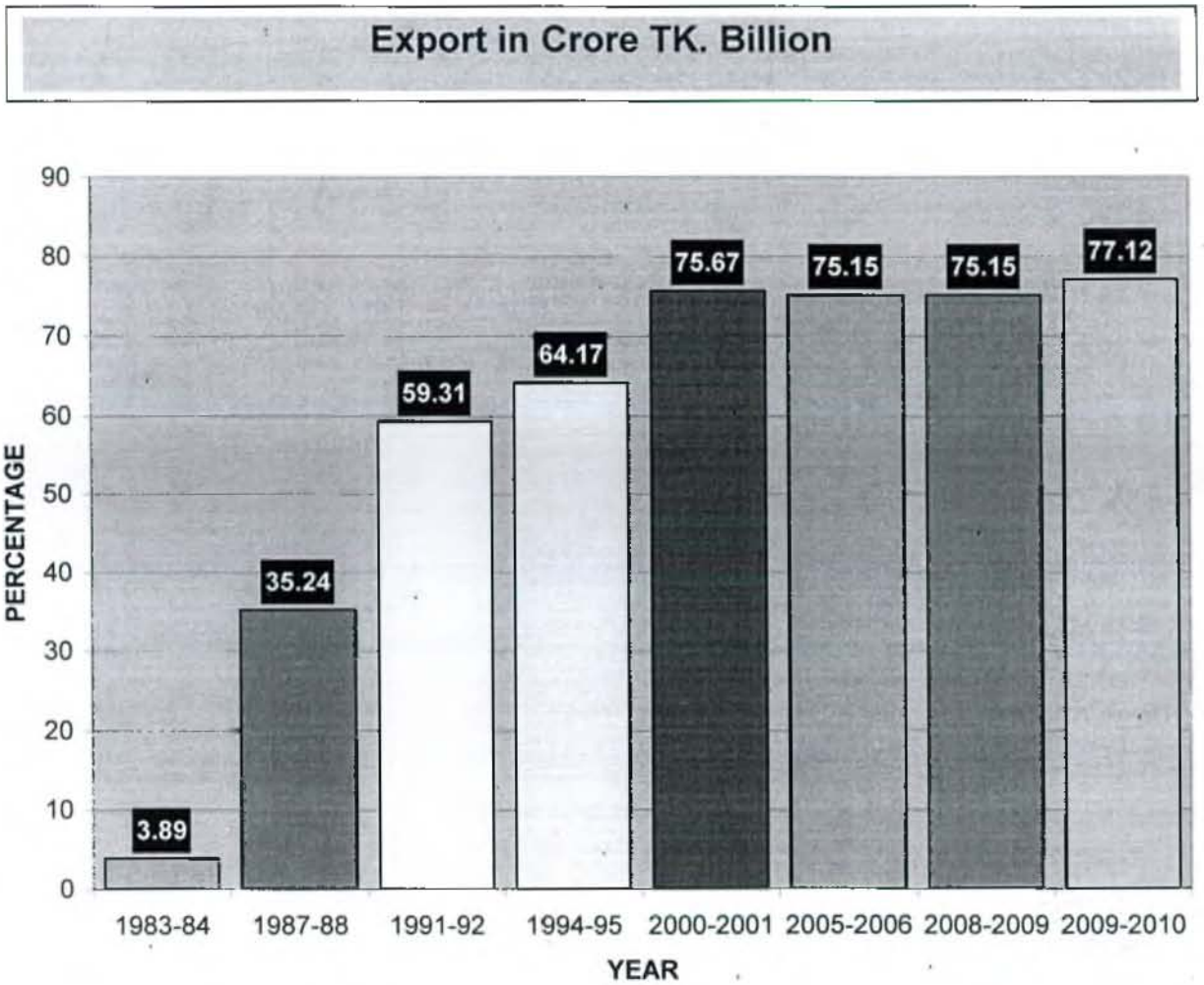
Graph-4



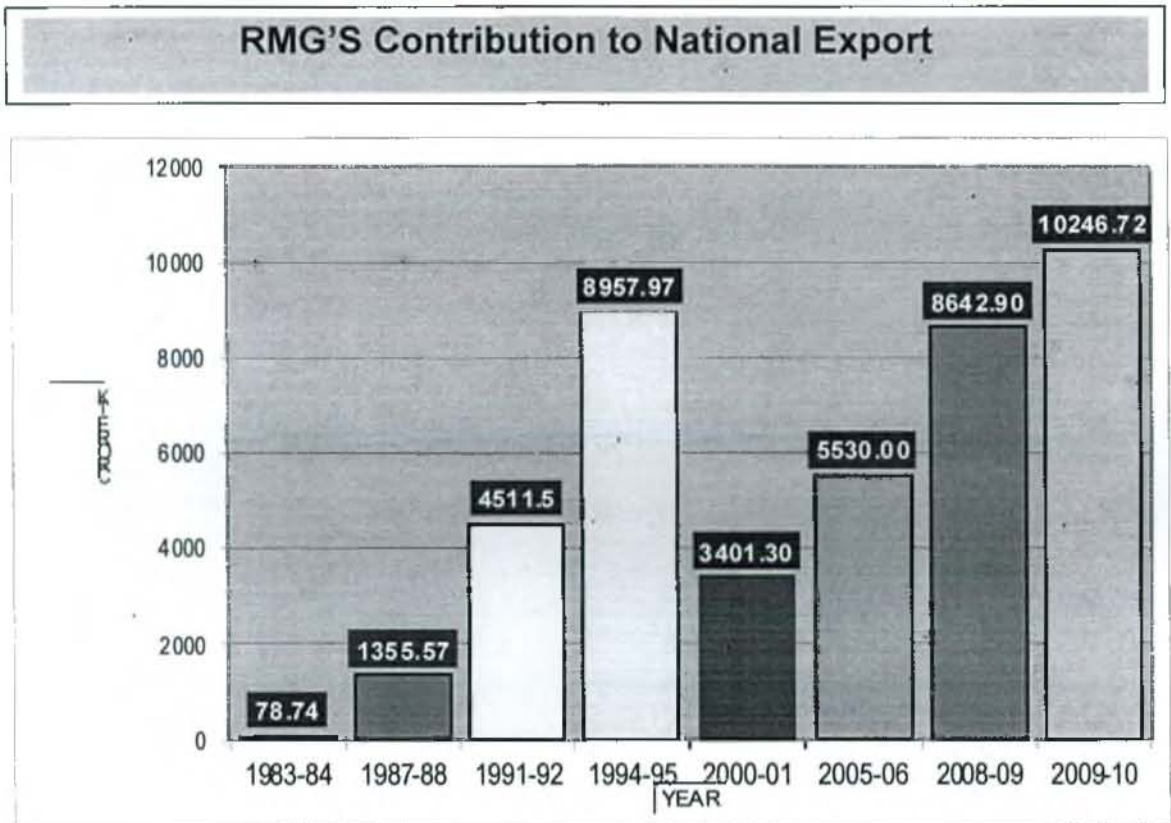
Graph-5



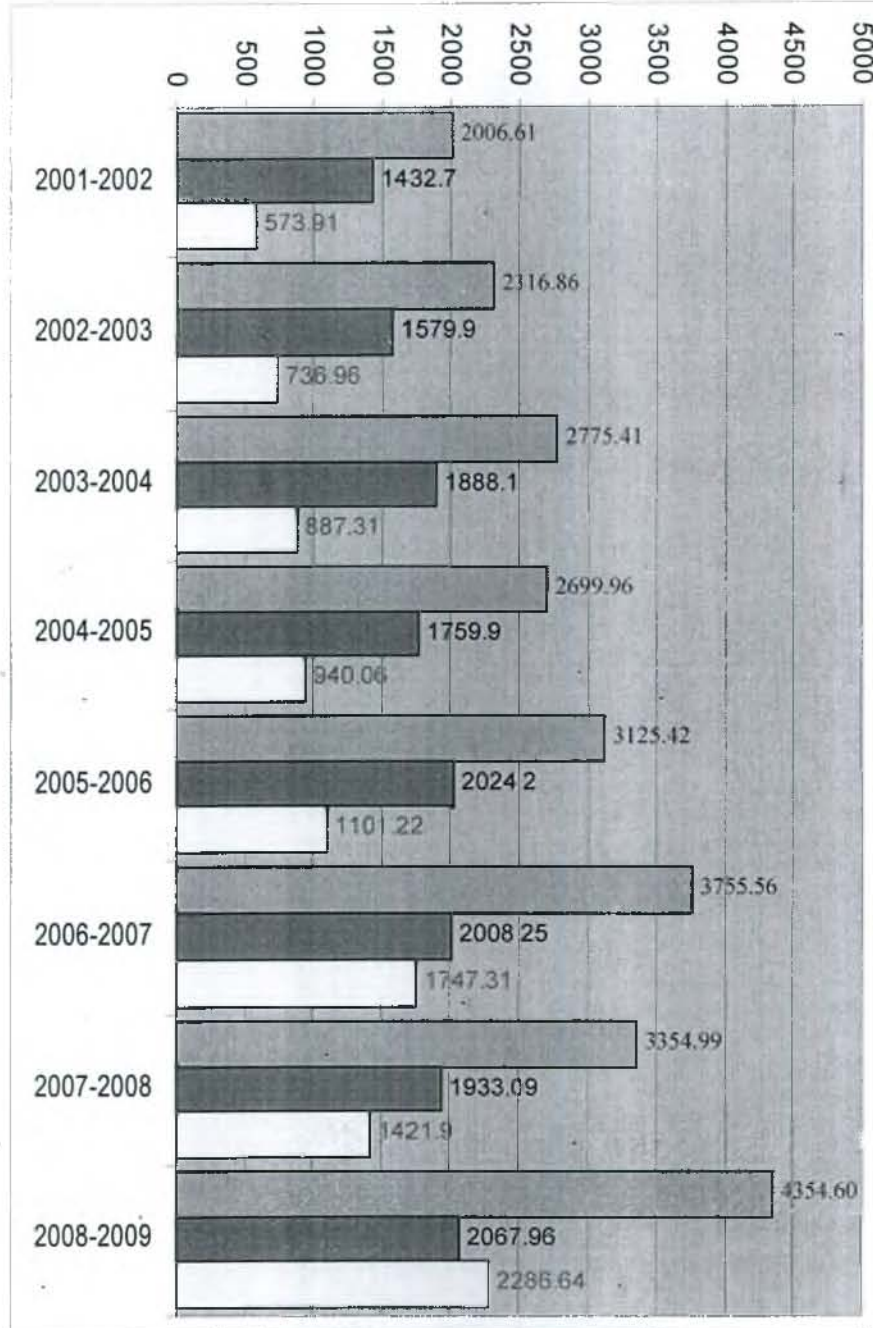
Graph-6



Graph-7



Graph-8



Value Addition in RMG Sector

#### 4.6 PRESENT STATUS IN WORLD APPAREL MARKET

Despite the better competitive edge of mighty rivals Bangladesh secured 2.35 percent of global market share in 2001, 2.32 percent in 2002 and 2.68 in 2010. China being the largest market occupier dominated 18.79 percent of the world market share in 2001 and 30.66 in 2007, India secure 2.73 percent of the global market share in 2002 and 2.68 in 2010\*42.

#### World market share of Bangladesh among select economies

Table-20

| SL.NO. |                   | 2009-2010                          |                            |
|--------|-------------------|------------------------------------|----------------------------|
|        |                   | CLOTHING EXPORT<br>IN BILLION US\$ | % SHARE<br>IN WORLD EXPORT |
|        | WORLD             | 375.7                              |                            |
|        | COUNTRY           |                                    |                            |
| 1      | CHINA             | 115.20                             | 30.66                      |
| 2      | TURKEY            | 14.00                              | 3.72                       |
| 3      | BANGLADESH        | 10.10                              | 2.68                       |
| 4      | INDIA             | 9.70                               | 2.58                       |
| 5      | VIETNAM           | 7.20                               | 1.91                       |
| 6      | INDONESIA         | 5.90                               | 1.57                       |
| 7      | MEXICO            | 5.10                               | 1.35                       |
| 8      | THAILAND          | 4.10                               | 1.09                       |
| 9      | PAKISTAN          | 3.80                               | 1.01                       |
| 10     | MOROCCO           | 3.60                               | 0.95                       |
| 11     | TUNISIA           | 3.60                               | 0.95                       |
| 12     | SRI LANKA         | 3.30                               | 0.87                       |
| 13     | USA               | 4.30                               | 1.14                       |
| 14     | DOMESDIC          | 5.00                               | 1.33                       |
| 15     | REST OF THE WORLD | 180.80                             | 48.12                      |

\*42. Source: WTO Trade Statistics, Garment Association-Nepal, Lao Textile and Garment Industry Group.



**WTO STATISTICS SHOW BANGLADESH'S POSITION IN US MARKET SHARE WAS 3.42 PERCENT RANKING 8<sup>TH</sup> AMONG SELECT EXPORTING COUNTRIES.**

**BANGLADESH'S MARKET SHARE IN USA**  
Total clothing import of USA is US\$ 63.10 Billion in 2010 \*43

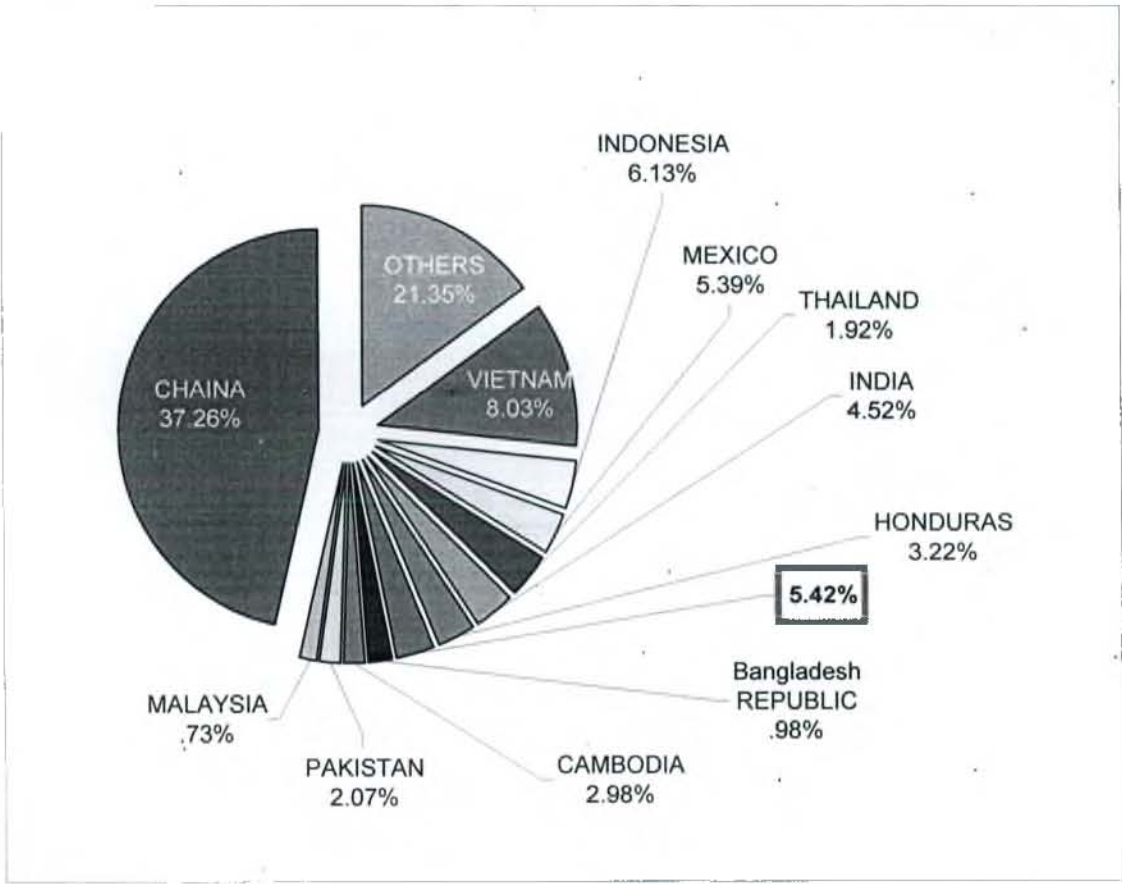
**Table-21**

| SL. NO. | COUNTRY            | CLOTHING EXPORT TO USA IN BILLION US\$ | % SHARE IN USA MARKET |
|---------|--------------------|--|-----------------------|
| 1       | CHINA              | 23.51                                  | 37.26                 |
| 2       | MEXICO             | 3.40                                   | 5.39                  |
| 3       | HONDURAS           | 2.03                                   | 3.22                  |
| 4       | INDONESIA          | 3.87                                   | 6.13                  |
| 5       | THAILAND           | 1.21                                   | 1.92                  |
| 6       | INDIA              | 2.85                                   | 4.52                  |
| 7       | DOMINICAN REPUBLIC | 0.62                                   | 0.98                  |
| 8       | <b>BANGLADESH</b>  | <b>3.42</b>                            | <b>5.42</b>           |
| 9       | MALAYSIA           | 0.46                                   | 0.73                  |
| 10      | CAMBODIA           | 1.88                                   | 2.98                  |
| 11      | PAKISTAN           | 1.30                                   | 2.07                  |
| 12      | VIETNAM            | 5.07                                   | 8.03                  |
| 13      | OTHERS             | 13.47                                  | 21.35                 |

\*43. Source: WTO Trade Statistics.

**Graph-09**

**Total Clothing import of USA is US\$ Billion in 2010  
% Share in USA Market**



Among 13 select countries Bangladesh's market share in EU stood at 5.42 percent putting the country's export position at 6<sup>th</sup> \*44

\*44. WTO Trade Statistics

**SHOWING BANGLADESH'S MARKET SHARE IN EU**  
**Total clothing import of EU is US\$ 158.78 Billion in 2010 \*45**

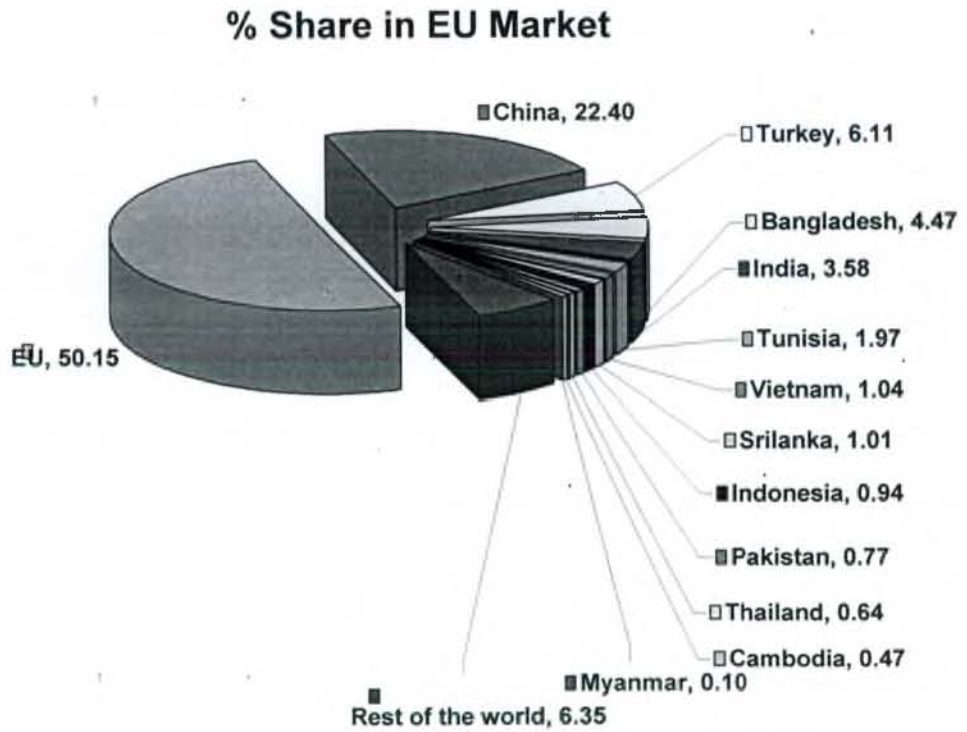
Table-22

| SL. NO. | COUNTRY           | CLOTHING EXPORT TO EU IN BILLION US\$ | % SHARE IN EU MARKET |
|---------|-------------------|---------------------------------------|----------------------|
| 1       | EUROPEAN UNION    | 79.64                                 | 50.15                |
| 2       | CHINA             | 35.58                                 | 22.40                |
| 3       | TURKEY            | 9.71                                  | 6.11                 |
| 4       | <b>BANGLADESH</b> | <b>7.11</b>                           | <b>4.47</b>          |
| 5       | INDIA             | 5.70                                  | 3.58                 |
| 6       | TUNISIA           | 3.14                                  | 1.97                 |
| 7       | VIETNAM           | 1.66                                  | 1.04                 |
| 8       | SRI LANKA         | 1.61                                  | 1.01                 |
| 9       | INDONESIA         | 1.50                                  | 0.94                 |
| 10      | PAKISTAN          | 1.23                                  | 0.77                 |
| 11      | THAILAND          | 1.02                                  | 0.64                 |
| 12      | CAMBODIA          | 0.75                                  | 0.47                 |
| 13      | MYANMAR           | 0.17                                  | 0.10                 |
| 14      | OTHERS            | 10.09                                 | 6.35                 |

\*45. Source: WTO Trade Statistics.

Graph-10

**Showing Bangladesh Market Share in EU \*46**



\*46. Source: WTO Trade Statistics.

**Table-23****BANGLADESH'S MARKET SHARE IN CANADA \*47**

TOTAL CLOTHING IMPORT OF CANADA IS CAD 7420.37 MILLION IN  
2009

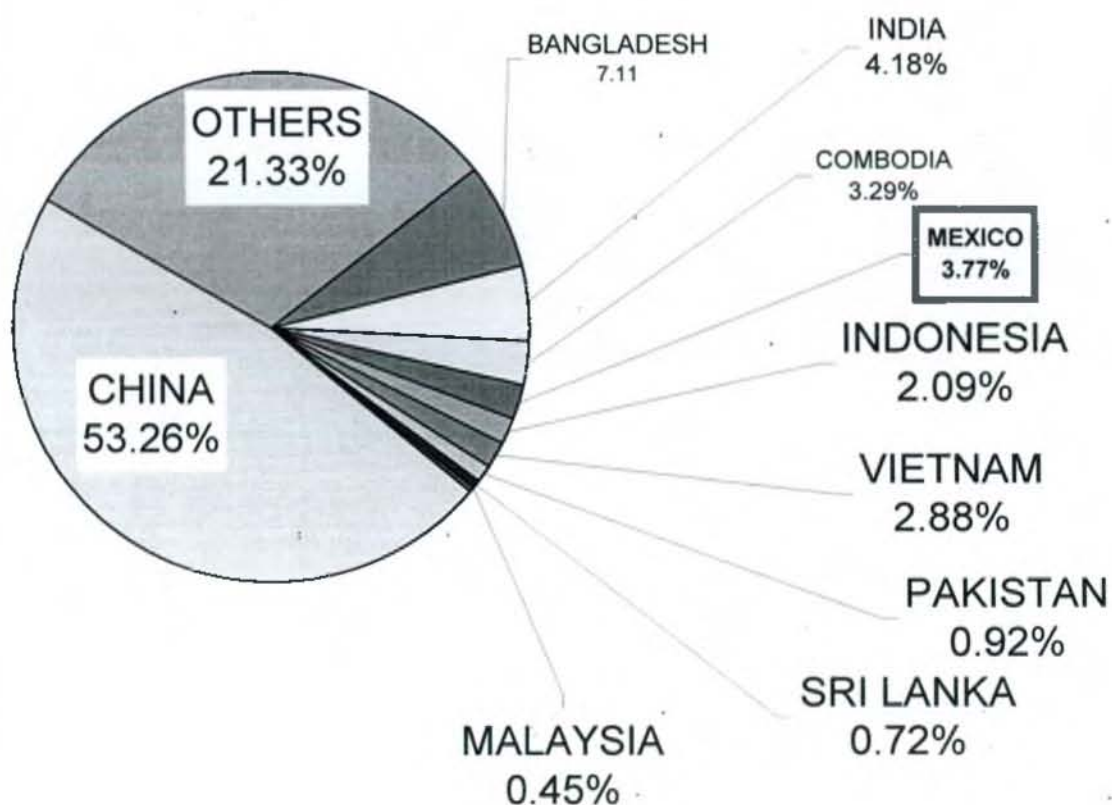
| <b>COUNTRY</b>    | <b>CLOTHING EXPORT<br/>TO CANADA</b> | <b>% SHARE<br/>IN CANADA</b> |
|-------------------|--------------------------------------|------------------------------|
| <b>CHINA</b>      | <b>3952.15</b>                       | <b>53.26</b>                 |
| <b>INDIA</b>      | <b>310.18</b>                        | <b>4.18</b>                  |
| <b>MEXICO</b>     | <b>280.16</b>                        | <b>3.77</b>                  |
| <b>INDONESIA</b>  | <b>155.29</b>                        | <b>2.09</b>                  |
| <b>BANGLADESH</b> | <b>527.62</b>                        | <b>7.11</b>                  |
| <b>MALAYSIA</b>   | <b>34.11</b>                         | <b>0.45</b>                  |
| <b>PAKISTAN</b>   | <b>68.46</b>                         | <b>0.92</b>                  |
| <b>VIETNAM</b>    | <b>213.96</b>                        | <b>2.88</b>                  |
| <b>SRI LANKA</b>  | <b>54.15</b>                         | <b>0.72</b>                  |
| <b>CAMBODIA</b>   | <b>244.54</b>                        | <b>3.29</b>                  |
| <b>OTHERS</b>     | <b>1583.15</b>                       | <b>21.33</b>                 |

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\*47. Source: WTO Trade Statistics.

Graph-11

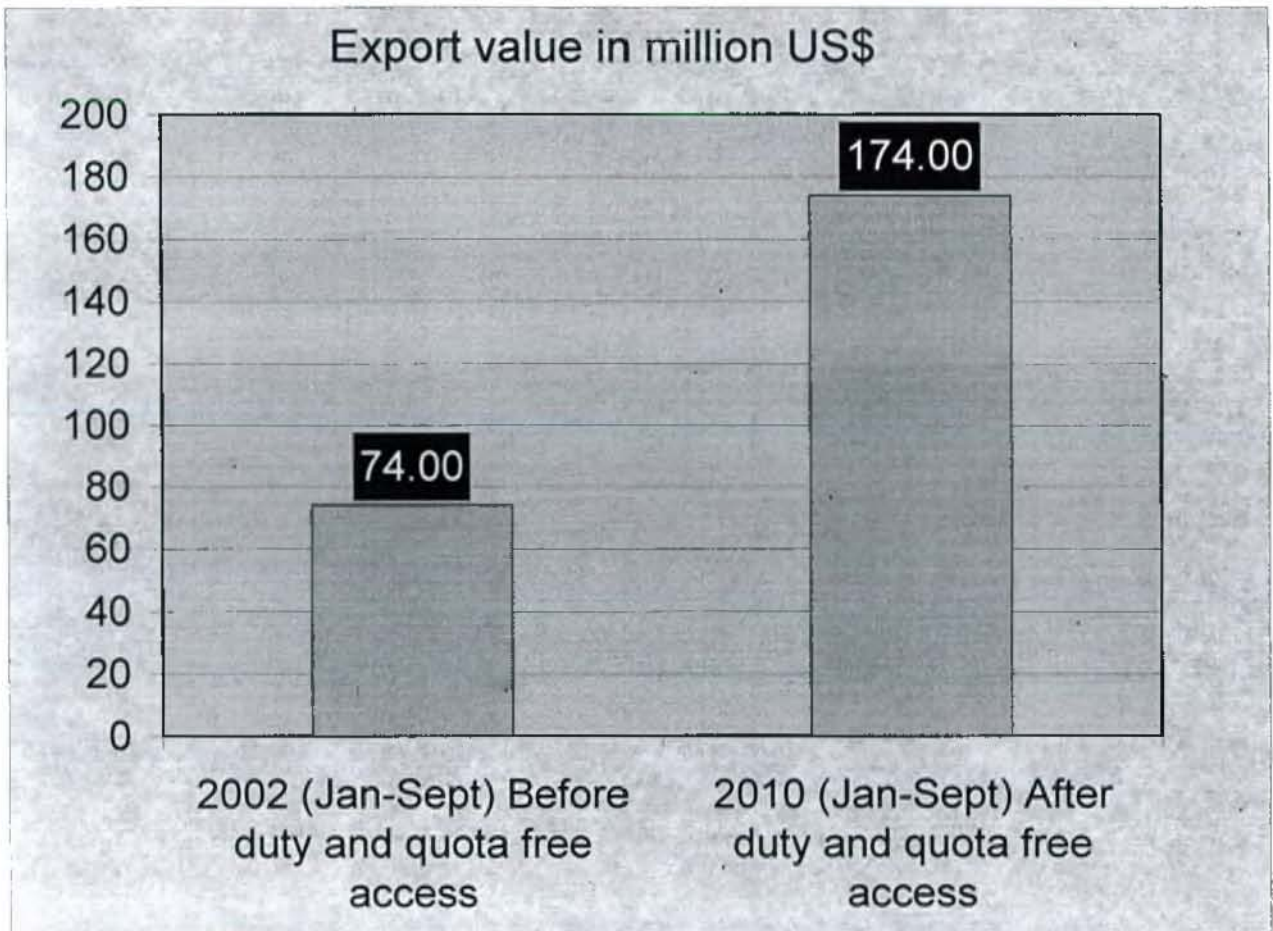
**Bangladesh's market share in CANADA**  
Total Clothing import of Canada is CAD 7420.37 million in 2010  
\*48



\*48. Source: WTO Trade Statistics.

**Graph-12**

**Bangladesh's market share in CANADA**  
Impact of Duty and Quota free market access to Canada \*49



\*49. Source: WTO Trade Statistics.

**CONSTANT GROWTH IN MAJOR EXPORT ITEMS**

Figures of Export Promotion Bureau (EPB) for three consecutive years (1999-2002) show how garment exports from Bangladesh remained on the top of export earning in comparison to other export items.

**SHOWING THE MAJOR EXPORTABLES OF BANGLADESH  
TOTAL EXPORT EARNING: US\$ 16204.65 MILLION (2009-2010) \*50 \*51**

**Table-24**

| MAJOR EXPORTABLES | VALUE<br>IN MILLION US\$ | VALUE<br>IN CRORE<br>TAKA | % SHARE |
|-------------------|--------------------------|---------------------------|---------|
| READYMADE GARMENT | 12496.72                 | 644786.10                 | 77.12   |
| FROZEN FOOD       | 348.28                   | 35931.70                  | 2.15    |
| JUTE GOODS        | 534.43                   | 22454.60                  | 3.30    |
| LEATHER           | 226.90                   | 18625.60                  | 1.40    |
| CHEMICAL PRODUCTS | 339.70                   | 15066.80                  | 2.09    |
| RAW JUTE          | 196.27                   | 10299.8                   | 1.21    |
| TEA               | 5.65                     | 485.80                    | .03     |
| Agro Products     | 127.32                   | 6146.70                   | .70     |
| OTHERS            | 1928.84                  | 98509.60                  | 12.00   |



**SHOWING THE MAJOR EXPORTABLES OF BANGLADESH  
TOTAL EXPORT EARNING: US\$ 16204.65 MILLION (2009-2010) \*52**

**Table-25**

| MAJOR EXPORTABLES | VALUE<br>IN MILLION US\$ | VALUE<br>IN CRORE TAKA | % SHARE |
|-------------------|--------------------------|------------------------|---------|
| READYMADE GARMENT | 12347.77                 | 864343.90              | 79.33   |
| FROZEN FOOD       | 454.53                   | 31817.10               | 2.92    |
| JUTE GOODS        | 373.18                   | 26122.60               | 2.40    |
| LEATHER           | 177.32                   | 12412.40               | 1.14    |
| CHEMICAL PRODUCTS | 421.58                   | 29510.60               | 2.71    |
| RAW JUTE          | 148.17                   | 10371.90               | 0.95    |
| TEA               | 12.29                    | 860.30                 | 0.08    |
| Agro Products     | 122.30                   | 8561.00                | 0.79    |
| OTHERS            | 1508.06                  | 105580.30              | 9.69    |

---

\*52. Source: Export Promotion Bureau & BGMEA.

## 4.7 WHAT IS HAPPENING IN GLOBAL MARKET?

Well before the MFA phase out, bilateral agreements between major importers of RMG products and certain countries have already started shrinking the market share of Bangladesh.

### Bi-lateral Agreements between USA and other countries

#### Impact of TDA 2000:

- With the passage of TDA-2000, US Congress has made duty free and quota free access to 72 Caribbean and African countries.
- As a result, in 2010 RMG export from CBI to USA was **US\$ 9.47 Billion, while it was only US\$ 8.92 Billion** in 1999 before getting the duty and quota free access.
- In 2010 RMG exports from Sub-Saharan African countries to USA was **US\$ 1.14 Billion, while it was only US\$ 0.62 Billion** in 1999 before getting the duty and quota free access.
- In 2010 RMG export from **Sub-Saharan African countries have increased by 84% while CBI's increased by 6% \*53.**

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\*53.WTO Annual report

## Impact of NAFTA

Apparel export from Mexico to USA has increased from US\$ 2.73 Billion in 1995 to US\$ 7.75 Billion in 2010 after entering into NAFTA, which is 184% higher\*54.

### SHOWING THE Share of U. S. Apparel Imports

Table-26

#### 1989 (Before TDA –2000 and NAFTA)

|                   |            |
|-------------------|------------|
| <b>CBI</b>        | <b>11%</b> |
| ASEAN             | 15%        |
| <b>Mexico</b>     | <b>3%</b>  |
| China             | 14%        |
| <b>SUB SAHARA</b> | <b>1%</b>  |
| ANDEAN (ATPA)     | 1%         |
| Rest of the World | 55%        |

#### 1994 (Before TDA –2000 and NAFTA)

|                   |     |
|-------------------|-----|
| CBI               | 19% |
| ASEAN             | 14% |
| Mexico            | 6%  |
| China             | 11% |
| SUB SAHARA        | 1%  |
| ANDEAN (ATPA)     | 1%  |
| Rest of the World | 48% |

\*54. WTO Annual report

**1999 (After NAFTA)**

|                   |            |
|-------------------|------------|
| <b>CBI</b>        | <b>24%</b> |
| ASEAN             | 13%        |
| <b>Mexico</b>     | <b>16%</b> |
| China             | 6%         |
| SUB SAHARA        | 1%         |
| ANDEAN (ATPA)     | 1%         |
| Rest of the World | 39%        |

**Year Ending July 2003 (After TDA-2000 and NAFTA)**

|                   |            |
|-------------------|------------|
| <b>CBI</b>        | <b>21%</b> |
| ASEAN             | 18%        |
| <b>Mexico</b>     | <b>11%</b> |
| China             | 11%        |
| <b>SUB SAHARA</b> | <b>2%</b>  |
| ANDEAN (ATPA)     | 1%         |
| Rest of the World | 36%        |

**Impact of Vietnam-United States Trade Agreement**

- The Vietnam-United States Bilateral Trade Agreement stipulates a drastic tariff reduction for Vietnamese apparel from 39-55% to 13.4%. As a result, export of Vietnamese garment to the USA rose to US\$ 981 Million in 2010 from US\$ 47 Million in 2001 \*87

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\*87. WTO Annual report

### **Impact of abolition of 29 quota categories in 2002**

- Fifteen months of trade data on imports from China and the rest of the world in 29 apparel categories that were removed from quota on January 01, 2002 showed that on average the Chinese share in those categories more than tripled, rising from 9 percent in 2001 to 45 percent by the first quarter of 2003. In terms of dollar value, the contrasts were even more extreme. **China increased its exports in the 29 categories by US\$ 980 million in 2010 while all other suppliers saw their exports drop by US\$ 813 million\*56.**

### **Impact of quota abolition of 3 categories in 2001**

- The order of category 331 in Bangladesh has sharply fallen from 1,074,735 Dozen pair in 2001 to 898,600 Dozen pair in 2002, while China and Mexico's order have rose to 17,140,469 Dozen pair and 6,161,618 Dozen pair in 2002 from 5,321,015 Dozen pair and 3,289,408 Dozen pair in 2001.
- The order of category 840 in Bangladesh has fallen to 439,030 Doz in 2002 from 717,588 Doz. in 2001, while China's order have rose to 1,681,981 Doz. in 2002 from 470,983 Doz. in 2001.
- The order of category 847 in Bangladesh has fallen to 397,586 Doz in 2002 from 405,127 Doz. in 2001, while China's order have rose to 2,177,301 Doz. in 2002 from 932,210 Doz. in 2001\*57.

As a result, our export to US market has reduced by 18% in 2003 compared to 2001 in value term.

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\*56. WTO Annual report, \*57. EPB Trade statics

## **Surge in Chinese Export in EU Market**

### **Category 161: Other Garments**

#### **2001 – 2002 Comparison**

|                        |   |      |
|------------------------|---|------|
| Chinese export grew by | : | 360% |
| Unit price reduced by  | : | 75%  |

### **Category 21: Anoraks, Parkas**

#### **2001 – 2002 Comparison**

|                        |   |      |
|------------------------|---|------|
| Chinese export grew by | : | 291% |
| Unit price reduced by  | : | 48%  |

## **Bi-lateral Agreements between EU and other countries**

- **Free Trade Area:** Although the EU wants to help the vulnerable developing countries meet the challenges of 2005, its main concern is to make sure that the European textile and garment industry is fully competitive in the post MFA era. To this end, EU is trying to create a vast free trade area, covering nearly 40 countries, by 2010\*58.
- **Enlargement of EU:** On May 01 next this year, EU will see the enlargement of the current 15-nation European Union with the entry of The Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Slovenia, Malta and Cyprus\*59.

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\*58. WTO Annual report, \*59. WTO Annual report

- **New linkage:** Switzerland will be linked to the EU through an association agreement along with the other members of the proposed European Free Trade Association.
- **Ratification Process:** Agreements with Algeria and Egypt are in the ratification process and the trade provisions of the EU's agreements with six Southern Mediterranean countries, including Israel, Morocco and Tunisia are already operational.
- **Pan Euro-Mediterranean market:** The EU will be then in the process of creating a vast pan-Euro-Mediterranean area, within which a single set of rules of origin will apply. Firms in the present 15-nation EU will thus be able to take advantage of both their own high tech production methods and the much cheaper labour available in Eastern Europe and Southern Mediterranean\*60.

As a result, European manufacturers will find it easier to shift production to neighboring countries than to Asian countries, while European retailers will be able to buy high quality garments with a high fashion content with the pan-Euro-Mediterranean area.

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\*60. WTO Annual report

#### 4.8 WHAT BANGLADESH IS DOING AFTER GETTING DUTY AND QUOTA FREE ACCESS TO CANADA?

The following statistics show that Bangladesh's export to Canadian market was 90 million dollars in the year 2002, but after getting duty-free and quota-free access to that country, the export in term of value jumped to 174 million dollars\*61:

**Total clothing import of Canada is CAD 1420.37 Million in 2010**

**Table-27**

| SL. NO. | COUNTRY           | CLOTHING EXPORT TO CANADA IN MILLION US\$ | % SHARE IN CANADA MARKET |
|---------|-------------------|---|--------------------------|
| 1       | CHINA             | 1242                                      | 31                       |
| 2       | INDIA             | 265                                       | 6.6                      |
| 3       | MEXICO            | 197                                       | 4.9                      |
| 4       | INDONESIA         | 106                                       | 2.6                      |
| 5       | <b>BANGLADESH</b> | <b>90</b>                                 | <b>2.2</b>               |
| 6       | MALAYSIA          | 73  | 1.8                      |
| 7       | PAKISTAN          | 70  | 1.7                      |
| 8       | VIETNAM           | 39  | 1.0                      |
| 9       | MYANMAR           | 22  | 0.5                      |
| 10      | CAMBODIA          | 12  | 0.3                      |
|         | OTHERS            | 1892                                      | 47.21                    |

#### Impact of Duty and Quota free market access to Canada

| Year   | Export value in million US\$ |
|--|------------------------------|
| 2002 (Jan-Sept)<br>Before duty and quota free access | 74                           |
| 2010 (Jan-Sept)<br>After duty and quota free access  | 174                          |
| Change   | 135%                         |

\*61. Source: Export Promotion Bureau Trade statistics



## **4.9 CHINA: A THREAT TO WORLD MARKET**

### **CHINA THREAT TO WORLD APPAREL TRADE**

China has already emerged as a threat to many countries in the global apparel export and a number of authoritative organizations watching the apparel trade have made it clear through their assessment and predicted that China would almost absolutely dominate the trade in 2005 after phasing out of the MFA\*62.

#### **American Textile Manufacturers Industry (ATMI)**

- The American Textile Manufacturers Industry (ATMI) predicted that "The post quota era will see an incredible surge in China's exports to the United States."
- "China could rapidly take 75% of US apparel market " the US textile lobby warned.
- In addition, China also got quota-free entry to the European Union and Canada in January 01, 2005. Countries that are major suppliers to those markets will likely see dramatic export declines.

#### **WORLD BANK:**

- World Bank estimates that China will control nearly half of the world's clothing by near future.

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\*62. WTO Annual report

## **TEXTILE ASIA**

All studies indicate that Asia will experience the greatest changes in the distribution of production. China has generally the highest predicted growth. Not only does China have a very large low cost labour force, it has a very important textile industry.

The most extreme impact study foresees that China, with currently about a fifth of the global apparel market, might have a 150% increase in their overall textile and clothing exports or nearly 50% of the world market after MFA phase out.

### **President, J C Penney Purchasing Corporation**

To survive in post-MFA era at the back drop of the challenges of Chinese strength, the government will have to bear 75 percent of the responsibilities for creating enabling atmosphere in doing international trade successfully.

### **WHAT MUST BE DONE TO SURVIV**

- ✓ **Central Bonded Warehouse:** Establishment of Central Bonded warehouse for storage of Denim, Twill, Solid TC fabrics is a must to save time for importing fabrics. This is how the Lead Time could be curtailed to hold the highly competitive international orders, the only way to help survive the industry from any type of impediment\*63.
- ✓ Bangladesh takes 29 days for exporting to West Coast, while China takes only 19 days. Turn over time of Bangladesh is five and a half days while in Sri Lanka it is only six and half an hour.
- ✓ Development of infrastructure
- ✓ Improvement Utility services
- ✓ Capacity building of Port
- ✓ Establishment of Backward Linkage Industry
- ✓ Cost Reduction
- ✓ Reduction of shipping cost
- ✓ Reduction of Bank interest rate
- ✓ Reduction of Port Charges
- ✓ Duty free Market Access to USA
- ✓ Regional Trade Agreements
- ✓ Relaxation of Rules of Origin

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\*63 Export Promotion Bureau Trade statistics

#### 4.10 INDUSTRIAL FRAME WORK OF RMG

**(A) ORGANISATIONAL PATTERN:** As per collected data it is found that the RMG units, which have been interviewed, are private ltd. co. and 50% started their export business within 1980 to 85 and 50% started within 1985-90.

**Table-28**

Showing the capital structure of the Respondent Units.

| Name of the Unit            | Paid up / Operating Capital | Source of capital with percentage                     |
|-----------------------------|-----------------------------|---|
| Opex Group                  | 16 Crore                    | 25% from shareholders 75% from commercial Bank (Loon) |
| Standard Group              | 1.5 Crore                   | 100% from shareholders                                |
| Givencee Group of Ind. Ltd. | 1 Crore                     | 25% from shareholder 75% from commercial bank (loon)  |
| Envoy Group                 | 5 Crore                     | 75% from shareholder 30% from other source.           |

It has been observed from the collected data that all units operate not less than one crore of taka in their present position and 100% respondent units have been involved in manufacturing and exporting operation, but 25% exporters complain that collection of capital from banks take long time and it has to maintain lengthy procedure.

#### **(B) TOTAL PRODUCTION CAPACITY AND ITS UTILIZATION:**

In the year of 2009-2010 the number of RMG units of the recognized (woven, sweater & knitting) industry was 5150, of which the 80% export oriented (woven, sweater & knitting) industry was workable. Year wise production capacity of RGM products for the last 19 years in all (woven, knit and sweater) exports oriented industry in the country is shown below. \*64

\*64. Survey Report 2008-2009 Government of Bangladesh, Ministry of Finance.

**Table-29**

Showing the Distribution of RMG product quantity and export value\*65.

| YEAR      | TOTAL APPAREL EXPORT IN MN.US\$ |         |          | TOTAL APPAREL EXPORT IN MILLION DZ |        |        |
|-----------|---------------------------------|---------|----------|------------------------------------|--------|--------|
|           | WOVEN                           | KNIT    | TOTAL    | WOVEN                              | KNIT   | TOTAL  |
| 1992-93   | 1240.48                         | 204.54  | 1445.02  | 36.05                              | 10.66  | 46.71  |
| 1993-94   | 1291.65                         | 264.14  | 1555.79  | 34.35                              | 10.81  | 45.16  |
| 1994-95   | 1835.09                         | 393.26  | 2228.35  | 47.21                              | 15.30  | 62.51  |
| 1995-96   | 1948.81                         | 598.32  | 2547.13  | 48.82                              | 23.18  | 72.00  |
| 1996-97   | 2237.95                         | 763.30  | 3001.25  | 53.45                              | 27.54  | 80.99  |
| 1997-98   | 2844.43                         | 937.51  | 3781.94  | 65.59                              | 32.60  | 98.19  |
| 1998-99   | 2984.96                         | 1035.02 | 4019.98  | 64.79                              | 36.66  | 101.45 |
| 1999-2000 | 3081.19                         | 1268.22 | 4349.41  | 66.63                              | 45.27  | 111.90 |
| 2000-2001 | 3364.32                         | 1495.51 | 4859.83  | 71.48                              | 52.27  | 124.02 |
| 2001-2002 | 3124.82                         | 1458.93 | 4583.75  | 77.05                              | 63.39  | 140.44 |
| 2002-2003 | 3258.27                         | 1653.82 | 4912.09  | 82.83                              | 69.48  | 152.01 |
| 2003-2004 | 3538.07                         | 2148.02 | 5686.09  | 90.48                              | 91.60  | 182.08 |
| 2004-2005 | 3598.20                         | 2819.47 | 6417.67  | 92.26                              | 120.13 | 212.39 |
| 2005-2006 | 4083.82                         | 3816.98 | 7900.80  | 108.82                             | 165.02 | 273.84 |
| 2006-2007 | 4657.63                         | 4553.60 | 9211.23  | 133.08                             | 199.54 | 332.62 |
| 2007-2008 | 5167.28                         | 5532.52 | 10699.80 | 147.43                             | 241.60 | 389.03 |
| 2008-2009 | 5918.51                         | 6429.26 | 12347.77 | 169.59                             | 290.92 | 460.51 |
| 2009-2010 | 6013.43                         | 6483.29 | 12496.72 | 172.80                             | 292.70 | 465.50 |
| 2010-2011 | 8432.40                         | 9482.06 | 17914.46 | 247.28                             | 441.03 | 688.31 |

As per collected information from the export promotion Bureau, Government of Bangladesh and BGMEA (Bangladesh Garment Manufacturers and Exporters Association) shows that the large scale of demand of foreign buyers, Bangladesh export actual quantity of RMG 688.31 million dozen. On the other hand, it has to be seen that in the year of 2009, production capacity was 465.31 million dozen.

According to Garment Association (BGMEA), Dhaka and from the above analysis, It appears that the annual installed capacity of the existing RMG units in operation is 425.15 million dozed approximately and the export from the country was 688.31 million dozen which indicates a capacity utilization of 91.50% by those existing RMG manufacturing units in the country in 2010.

Total the view of respondents, 60% garment manufacturing units are located in Dhaka City and 25% in Chittagong & 15% factories located out side the Dhaka city and every one has average 10% expansion capacity.

\*65. Source: Export Promotion Bureau. &amp; BGMEA

#### 4.11 MARKETING MIX ANALYSIS

The effective combination of four components i.e. Product, Price, Distribution and Promotion help to attain the marketing objectives international market. The study takes an attempt to examine the marketing mix policies and the relevant findings.

A. **Product Policy:** The present step is to analyse the respondents' products quality, exported items and relevant policies. According to all respondent's views, the main exported RMG items are as i) Shirts, T-shirts, ii) Polo Shirts, iii) Tops / Trousers, iv) Jersey, v) Pullover vi) Jumper (vii) Jackets viii) Outer garments ix) Under garments x) Night dresses etc.

100% exporters who are interviewed inform that they use imported machineries and most of them are Korean, Japanese and among total used accessories 70% is collected from local market and 30% from abroad according to the buyers pre-condition or requisition. The exporters also collect their others necessary dies and chemicals from other countries mainly from India, Switzerland etc. The respondents also view that they use 60% imported quality raw materials like cotton, yarn and fabric and 40% local raw materials. All respondent units produce their garment products in their own factory \*66.

**Table-30**

Showing the Distribution of Countries of Export by Responding Units.

| Countries of Export           | No. of Respondent | Percentage |
|-------------------------------|-------------------|------------|
| U.S.A. U.K. Canada France     | 4                 | 100        |
| Germany, Netherlands, Belgium | 3                 | 75         |
| Sweden, Russia                | 2                 | 50         |

The above table shows all respondents unit exported their items in USA, UK, Canada and France, 75% in Germany, Netherlands, Belgium and 50% in Sweden and Russia. All the exporters' view that the foreigners buy their goods mainly in respect of GSP facilities and 50% exporters opine that the quality is better and prices are competitive.

**Table-31**

The Distribution of Respondents export in comparison with total garments Export of Bangladesh \*67.

| YEAR      | EXPORT OF RMG<br>(IN MILLION US\$) | TOTAL EXPORT OF<br>BANGLADESH<br>(IN MILLION US\$) | % OF RMG'S TO<br>TOTAL EXPORT |
|-----------|------------------------------------|--|-------------------------------|
| 1983-84   | 31.57                              | 811.00   | 3.89                          |
| 1984-85   | 116.2                              | 934.43   | 12.44                         |
| 1985-86   | 131.48                             | 819.21   | 16.05                         |
| 1986-87   | 298.67                             | 1076.61  | 27.74                         |
| 1987-88   | 433.92                             | 1231.2   | 35.24                         |
| 1988-89   | 471.09                             | 1291.56  | 36.47                         |
| 1989-90   | 624.16                             | 1923.70  | 32.45                         |
| 1990-91   | 866.82                             | 1717.55  | 50.47                         |
| 1991-92   | 1182.57                            | 1993.90  | 59.31                         |
| 1992-93   | 1445.02                            | 2382.89  | 60.64                         |
| 1993-94   | 1555.79                            | 2533.90  | 61.40                         |
| 1994-95   | 2228.35                            | 3472.56  | 64.17                         |
| 1995-96   | 2547.13                            | 3882.42  | 65.61                         |
| 1996-97   | 3001.25                            | 4418.28  | 67.93                         |
| 1997-98   | 3781.94                            | 5161.20  | 73.28                         |
| 1998-99   | 4019.98                            | 5312.86  | 75.67                         |
| 1999-2000 | 4349.41                            | 5752.20  | 75.61                         |
| 2000-2001 | 4859.83                            | 6467.30  | 75.14                         |
| 2001-2002 | 4583.75                            | 5986.09  | 76.57                         |
| 2002-2003 | 4912.09                            | 6548.44  | 75.01                         |
| 2003-2004 | 5686.09                            | 7602.99  | 74.79                         |
| 2004-2005 | 6417.67                            | 8654.52  | 74.15                         |
| 2005-2006 | 7900.80                            | 10526.16   | 75.06                         |
| 2006-2007 | 9211.23                            | 12177.86   | 75.64                         |
| 2007-2008 | 10701.65                           | 14110.80   | 75.84                         |
| 2008-2009 | 12347.77                           | 15565.19   | 79.33                         |
| 2009-2010 | 12496.12                           | 16204.65   | 77.12                         |

\*67. Source: Export Promotion Bureau

From the data provided on the table it is found that the total export of the respondent's are 15565.19 million us\$ of which garment products occupied 79.33% of total RMG export in 2008-2009 \*68.

**Table-32**

Showing the Distribution of Export market information collected by Respondents.

| Media of information    | No. of Respondents | Percentage |
|-------------------------|--------------------|------------|
| Export Promotion Bureau | 2                  | 50         |
| Direct Mailing          | 3                  | 75         |
| Buying House            | 3                  | 75         |
| Trade fair              | 1                  | 25         |
| Trade Publication       | 1                  | 25         |

The above table shows the maximum prospective export market information collected through direct mailing communication and local buying house, which is 75% of total information.

**Table - 33**

Showing the Distribution of competitors of Respondent Units.

| Name of the Competitors (Country) | No. Of Respondents | Percentage |
|-----------------------------------|--------------------|------------|
| India, Pakistan                   | 4                  | 100        |
| China, Srilanka, Hong Kong        | 3                  | 75         |
| Malaysia, Singapore               | 2                  | 50         |
| Korea, Vietnam, Cambodia          | 1                  | 25         |

From the above table it is seen that 100% respondents reported that their competitors are India and Pakistan. Among the four units 75% reported China, Srilanka, Hong Kong, 50% reported that Malaysia, Singapore and 25% reported Vietnam, Cambodia, and Laos as a competitor of Bangladesh. For the further information it is reported terms of price and 50% expose that the competitors products quality is better.

as per collected data the exporters highlighted three types of important problems. 75% respondent reported that inadequate raw materials or imported raw materials create problem in delivery. The respondents further reported that the long customs formalities delay in releasing imported and exported items. They also reported that irregular supply of electricity discourages normal trend of production.

**B. Pricing policy:** Pricing policy and strategy in garment products in international market is most important. Despite keen competition, the exporters maintain careful pricing strategy. The completions of garment products in international market offer better quality and reasonable price in comparison to Bangladeshi products.

**Table-34**

Showing the Distribution of component of Production cost \*69.

| Component of cost              | No. of Respondents | Percentage |
|--------------------------------|--------------------|------------|
| Raw materials of total 60%–75% | 4                  | 100        |
| Labour cost of total 10%-20%   | 4                  | 100        |
| Overheads of total 10%-20%     | 4                  | 100        |
| Transportation upto 5%         | 4                  | 100        |
| Other upto 10%                 | 4                  | 100        |

The table indicates the highest component of production cost is raw materials, which are, imported items. The respondents also opine that they import 75% and export 100% value, somewhere the price of garment products in international depends on demand and supply.



**Table-35**

Showing the Distribution of Pricing Policy followed by the Respondents

| Pricing Policy            | No. of Respondents | Percentage |
|---------------------------|--------------------|------------|
| Cost Plus Pricing         | 30                 | 75         |
| Negotiated Pricing Policy | 10                 | 25         |
| Total                     | 40                 | 100        |

All the respondents opine that the prices of the garment products are in beneficiary position in the context of making charge and GSP facilities. All the respondents view that raw materials is a big costly item, but it can be reduced by producing cotton, yarn and fabric in the country and labour and overhead cost also can be reduced by better management practice.

50% exporters express that they have not been facilitated by export credit guarantee scheme, and 25% informed that they have been facilitated by this scheme and remaining 25% have no reply for this question. But it has been appeared that all the respondents performed their transaction by L/C and they view if their products quality is better and prices are more competitive, the probability of increasing export will be 20% to 30% upto next three year.

**C. Distribution Pattern:** The channel of distribution of garment products is wide in international market. As per collected data, it is seen that 50% respondents reported that they maintain direct channel for exporting their items and 50% respondents reported that they export about 20% (their) through agents who have sought buyers and orders but remaining exports are performed by personal contact or fair contacts \*70.

From the analyzing data it is found that the exporters use mainly two types of mode of transports in abroad and one is used in internal communication i.e. factory shipment center.

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\*70.Export Promotion Bureau Trade statistics

**Table-36**

Showing the mode of Transportation used by the respondents in international.

| Mode of Transport              | No. of Respondents | Percentage |
|--------------------------------|--------------------|------------|
| Water (90%–95%)                | 4                  | 100        |
| Air (5%–100%)                  | 4                  | 100        |
| Internal transport (road) 100% | 4                  | 100        |

All the respondents RMG exports expose that, in exporting 90% to 95% shipping performs shipment and 5% to 10% is performed by air in urgent order. But internally all the respondents use 100% road transport from factory to Chittagong port or air port. But 50% respondents reported that various shipping documentation formality and inadequate shipping space create problem in transport in abroad, 25% view that full container fare also increases transport cost. 25% sample opines bonded warehouse is also a facility, but formalities create complexity. The exporters appear in various relevant documents like invoice, packing list, bill of exchange etc. 100% respondents inform that they maintain FOB freight policy. So the importers bear the transport costs and take the risk involved in transport \*71

On being asked, all the respondents have replied that Bangladesh Standard and Testing Institute has not been involved in the testing of garment products, but 25% opine that the institution helps in testing specifications of raw cotton, and they expose Textile Institute Development center also helps them where necessary.

For further information, 100% exporters opine that Export Promotion Bureau is the most important helping institution. The institution distributes and contacts quota, attending and arranging fair, GSP issue, certificate of origin issue and finding prospective markets in abroad. It also seems that Chamber of Commerce and Exporters Association (BGMEA) play role as negotiating agent in imposing tax, duty or any other trade bindings and for common interest.

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\*71..Export Promotion Bureau Trade statistics

Somewhere Chamber of Commerce issues certificate of origin and BGMEA issues UD & CO and both organizations helps the members in various ways within country and outside the country.

**Demand Promotion:** As a highest exporting item of Bangladesh, garment products have not derived special promotional measures in international market. So the garment products have been participating in international promotion programme in traditional way. International export fair and direct mailing contact are the main promotion tools of garment products. Somewhere Export Promotion Bureau and counselor missionary service and been trying to promote such export market \*72.

**Table-37**

Showing the Composition Promotion Measures used by the Respondents.

| Promotion tools              | No. of Respondents | Percentage |
|------------------------------|--------------------|------------|
| Export Fair                  | 3                  | 75         |
| Export Promotion Bureau      | 1                  | 25         |
| Direct Contact / Agent       | 2                  | 50         |
| Counselor missionary Service | 2                  | 50         |

The above data reveal that export fair is the best media for getting the information of prospects of export in international market, and secondly the respondents use direct contract or through agents and counselor missionary service for getting the information of prospects.

Somewhere export Promotion Bureau directly helps the exporter for promoting market in abroad.

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\*72. EPB (Export Promotion Bureau)

**Table-38**

The Distribution of Fair participation by Respondents in International Market:

| Participating year | Participating Place | How Many | No. of Respondent | Percentage | Remarks      |
|--------------------|---------------------|----------|-------------------|------------|--------------|
| 2006-2007          | Bangladesh          | 2        | 1                 | 25         | Better       |
| 2007-2008          | Hong Kong           | 1        | 2                 | 50         | Satisfactory |
| 2008-2009          | Germany, France, UK | 2        | 3                 | 75         | Satisfactory |

The above table shows that all the respondents are not interested in participating in any export fair for developing their market. But they promote their export market by traditional and normal way. Moreover, export fair is more satisfactory and the said media encourages for better prospects \*73.

The training for promotion and managerial efficiency and technical skillness are not adequate and available for smooth and uniform development. The collected data indicate that no trained/efficient technical workers are available in the country.:

**Table-39**

Showing the Distribution of Training Programm and Respondents Participation

| Section subject      | Participating Place | No. Of Respondents | Percentage |
|----------------------|---------------------|--------------------|------------|
| Documentation        | Export Promotion    | 2                  | 50         |
| Accounting and Audit | London              | 1                  | 25         |
| Credit Management    | BBA                 | 2                  | 50         |

From the above table it is seen that respondents training participation is very much negligible which is the hindrance to expert development of the country.

\*73. EPB &amp; BGMEA

#### 4.12 GLOBAL TRADE IN RMG AND ITS SHARE OF BANGLADESH

(A) **Global Trade:** As per data recorded in the publication of the international Trading Center (ITC) and EPB, the global trade of garments is widening day by day. The main importers of garments are the USA, Canada, Belgium, Netherlands, Germany, Italy, UK, France, Sweden etc. and major exporters are Hong Kong, Portugal, Thailand, Korea, Turkey, India and Pakistan. But Bangladesh is a nominal participant of RMG export. Major imported countries in value term from 2008-2009 to 2008-2010 are furnished below: \*74

Showing the Distribution of Global import of RMG products (in Million US\$) (Figures in the bracket indicates share of world trade)

**Table-40**

#### SHOWING THE APPAREL EXPORTS TO MAJOR MARKETS

VALUE IN MN.US\$

| COUNTRIES   | JULY-MARCH (2009-2010) |         |         | JULY-MARCH (2008-2009) |         |         |
|-------------|------------------------|---------|---------|------------------------|---------|---------|
|             | WOVEN                  | KNIT    | TOTAL   | WOVEN                  | KNIT    | TOTAL   |
| USA         | 2736.44                | 891.61  | 3628.05 | 2733.98                | 959.42  | 3693.40 |
| BELGIUM     | 87.78                  | 155.79  | 243.57  | 95.02                  | 157.52  | 252.54  |
| NETHERLANDS | 388.79                 | 228.57  | 917.36  | 393.82                 | 513.98  | 907.80  |
| FRANCE      | 260.92                 | 692.00  | 952.92  | 264.11                 | 507.69  | 771.80  |
| ITALY       | 161.34                 | 379.04  | 541.11  | 153.42                 | 368.86  | 522.28  |
| GERMANY     | 717.31                 | 1282.77 | 2000.08 | 801.40                 | 1336.40 | 2137.80 |
| U.K.        | 534.29                 | 725.74  | 1260.03 | 502.34                 | 720.58  | 1222.92 |

From the above table it is seen that the world consumption or demand of RMG products is increasing. So it can be said that the position of Bangladesh regarding RMG export is higher than previous years. Though the imports of USA is increased and simultaneously total global imports increased from worth US\$ 11.45 million in July-March 2009-2010.

Analyzing the individual importer, USA secured the highest position in the total world market. But the import demand of USA is decreasing during the time while the demand of EEC is increasing in the global context.

\*74. World Export Import Statistics. ITC, Geneva, Processed in EPB's Micro Fiche Device.

Table-41

**SHOWING THE Comparative Statistics of Apparel Export  
(All Countries) \*75(a)**

Value in Million US\$

| Month         | ALL COUNTRIES  |                |              |                |                |              |                    |                 | Growth Rate  |
|---------------|----------------|----------------|--------------|----------------|----------------|--------------|--------------------|-----------------|--------------|
|               | Woven          |                | Growth Rate  | Knit           |                | Growth Rate  | Total (Woven+Knit) |                 |              |
|               | Year           |                |              | Year           |                |              | Year               |                 |              |
|               | 2007/08        | 2008/09        | 2007/08      | 2008/09        | 2007/08        | 2008/09      |                    |                 |              |
| July          | 345.20         | 547.30         | 58.55        | 346.78         | 640.50         | 84.70        | 691.98             | 1187.80         | 71.65        |
| August        | 417.02         | 485.90         | 16.52        | 445.01         | 569.64         | 28.01        | 862.03             | 1055.54         | 22.45        |
| September     | 353.78         | 492.08         | 39.09        | 412.46         | 620.94         | 50.55        | 766.24             | 1113.02         | 45.26        |
| October       | 314.66         | 292.22         | -7.13        | 387.32         | 357.04         | -7.82        | 701.98             | 649.26          | 7.51         |
| November      | 417.14         | 487.81         | 16.94        | 442.06         | 548.53         | 24.08        | 859.20             | 1036.34         | 20.62        |
| December      | 471.11         | 500.44         | 6.23         | 516.57         | 503.98         | -2.44        | 987.68             | 1004.42         | 1.69         |
| January       | 492.36         | 584.24         | 18.66        | 464.40         | 562.94         | 21.22        | 956.76             | 1147.18         | 19.90        |
| February      | 477.96         | 532.57         | 11.43        | 455.05         | 466.87         | 2.60         | 933.01             | 999.44          | 7.12         |
| March         | 482.00         | 542.13         | 12.48        | 444.00         | 480.61         | 8.25         | 926.00             | 1022.74         | 10.45        |
| April         | 415.45         | 437.79         | 5.38         | 479.30         | 479.96         | 0.14         | 894.75             | 917.75          | 2.57         |
| May           | 441.85         | 493.41         | 11.67        | 536.61         | 578.59         | 7.82         | 978.46             | 1072.00         | 9.56         |
| June          | 540.13         | 522.62         | -3.24        | 603.43         | 619.66         | 2.69         | 1143.56            | 1142.28         | 0.11         |
| <b>Total:</b> | <b>5168.66</b> | <b>5918.51</b> | <b>14.51</b> | <b>5532.99</b> | <b>6429.26</b> | <b>16.20</b> | <b>10701.65</b>    | <b>12347.77</b> | <b>15.38</b> |

Table -42

**VALUE AND QUANTITY OF TOTAL APPAREL EXPORT**

FISCAL YEAR BASIS

| YEAR             | TOTAL APPAREL EXPORT IN MN.US\$ |                |                |                 | TOTAL APPAREL EXPORT IN MN.DZ |               |               |
|------------------|---------------------------------|----------------|----------------|-----------------|-------------------------------|---------------|---------------|
|                  | WOVEN                           | KNIT           | SWEATER        | TOTAL           | WOVEN                         | KNIT          | TOTAL         |
| 1995-96          | 1948.81                         | 527.91         | 70.41          | 2547.13         | 48.82                         | 23.18         | 72.00         |
| 1996-97          | 2237.95                         | 566.7          | 196.80         | 3001.25         | 53.45                         | 27.54         | 80.99         |
| 1997-98          | 2844.43                         | 641.22         | 296.29         | 3781.94         | 65.59                         | 32.60         | 98.19         |
| 1998-99          | 2984.96                         | 763.32         | 271.70         | 4019.98         | 64.79                         | 36.66         | 101.45        |
| 1999-2000        | 3081.19                         | 943.15         | 325.07         | 4349.41         | 66.63                         | 45.27         | 111.90        |
| 2000-2001        | 3364.32                         | 1018.64        | 476.87         | 4859.83         | 71.48                         | 52.54         | 124.02        |
| 2001-2002        | 3124.82                         | 941.1          | 517.83         | 4583.75         | 77.05                         | 63.39         | 140.44        |
| 2002-2003        | 3258.27                         | 1075.45        | 578.37         | 4912.09         | 82.83                         | 69.18         | 152.01        |
| 2003-2004        | 3538.07                         | 1531.71        | 616.31         | 5686.09         | 90.48                         | 91.60         | 182.08        |
| 2004-2005        | 3598.20                         | 1926.35        | 893.12         | 6417.67         | 92.26                         | 120.13        | 212.39        |
| 2005-2006        | 4083.82                         | 2772.97        | 1044.01        | 7900.8          | 108.82                        | 165.02        | 273.84        |
| 2006-2007        | 4657.63                         | 3305.51        | 1248.09        | 9211.23         | 133.08                        | 199.54        | 332.62        |
| 2007-2008        | 5167.28                         | 4058.43        | 1474.09        | 10699.8         | 147.43                        | 241.60        | 389.03        |
| <b>2008-2009</b> | <b>5918.51</b>                  | <b>4570.64</b> | <b>1858.62</b> | <b>12347.77</b> | <b>169.59</b>                 | <b>290.92</b> | <b>460.51</b> |

\*75 Source: Export Promotion Bureau

Table-43 \*76

| YEAR      | SHIRTS  | TROUSERS | JACKETS | T-SHIRT | SWEATER |
|-----------|---------|----------|---------|---------|---------|
| 1995-96   | 807.66  | 112.02   | 171.73  | 366.36  | 70.41   |
| 1996-97   | 759.57  | 230.98   | 309.21  | 391.21  | 196.60  |
| 1997-98   | 961.13  | 333.28   | 467.19  | 388.50  | 296.29  |
| 1998-99   | 1043.11 | 394.85   | 393.44  | 471.88  | 271.70  |
| 1999-2000 | 1021.17 | 484.06   | 439.77  | 563.58  | 325.07  |
| 2000-2001 | 1073.59 | 656.33   | 573.74  | 597.42  | 476.87  |
| 2001-2002 | 871.21  | 636.61   | 412.34  | 546.28  | 517.83  |
| 2002-2003 | 1019.87 | 643.66   | 464.51  | 642.62  | 578.37  |
| 2003-2004 | 1116.57 | 1334.85  | 364.77  | 1062.10 | 616.31  |
| 2004-2005 | 1053.34 | 1667.72  | 430.28  | 1349.71 | 693.12  |
| 2005-2006 | 1056.69 | 2169.25  | 389.52  | 1781.51 | 1044.01 |
| 2006-2007 | 943.44  | 2201.32  | 1005.06 | 2208.9  | 1248.09 |
| 2007-2008 | 915.6   | 2512.74  | 1181.52 | 2765.56 | 1474.09 |
| 2008-2009 | 1000.16 | 3007.29  | 1299.74 | 3065.86 | 1858.62 |

Data Source Export Promotion Bureau. Compiled by BGMEA

Table-44

| MONTH     | EXPORT OF WOVEN AND KNIT<br>(VALUE IN MN. US\$) |         |          | EXPORT OF WOVEN & KNIT<br>(QUANTITY IN MN DOZ) |        |        |
|-----------|---|---------|----------|--|--------|--------|
|           | WOVEN   | KNIT    | TOTAL    | WOVEN  | KNIT   | TOTAL  |
| JANUARY   | 492.38  | 464.37  | 956.75   | 15.00  | 22.00  | 37.00  |
| FEBRUARY  | 477.83  | 454.88  | 932.71   | 14.00  | 21.00  | 35.00  |
| MARCH     | 480.87  | 443.79  | 924.66   | 15.00  | 19.00  | 34.00  |
| APRIL     | 415.45  | 479.30  | 894.75   | 13.00  | 22.00  | 35.00  |
| MAY       | 441.85  | 536.61  | 978.46   | 11.00  | 19.00  | 30.00  |
| JUNE      | 540.08  | 603.42  | 1143.50  | 14.00  | 26.00  | 40.00  |
| JULY      | 547.30  | 640.50  | 1187.80  | 16.03  | 28.92  | 44.95  |
| AUGUST    | 485.9   | 569.64  | 1055.54  | 14.23  | 25.72  | 39.95  |
| SEPTEMBER | 492.08  | 620.94  | 1113.02  | 14.47  | 28.14  | 42.61  |
| OCTOBER   | 292.28  | 357.12  | 649.40   | 8.57   | 16.15  | 24.72  |
| NOVEMBER  | 487.73  | 584.52  | 1072.25  | 14.31  | 24.80  | 39.11  |
| DECEMBER  | 498.86  | 502.51  | 1001.37  | 14.68  | 22.79  | 37.47  |
| TOTAL     | 5652.61   | 6257.60 | 11910.21 | 164.29   | 275.52 | 439.81 |

\* 76 Source Export Promotion Bureau

Table-45 \*77

| QUANTITY AND VALUE OF WOVEN AND KNIT EXPORT DURING 2009 |   |                |                |  |               |               |
|---|---|----------------|----------------|--|---------------|---------------|
| VALUE IN MN. US\$, QUANTITY IN MN DOZ                   |   |                |                |  |               |               |
| MONTH   | EXPORT OF WOVEN AND KNIT<br>(VALUE IN MN. US\$) |                |                | EXPORT OF WOVEN & KNIT<br>(QUANTITY IN MN DOZ) |               |               |
|   | WOVEN   | KNIT           | TOTAL          | WOVEN  | KNIT          | TOTAL         |
| JANUARY   | 585.12  | 584.41         | 1149.53        | 17.14  | 25.45         | 42.59         |
| FEBRUARY  | 532.57  | 466.87         | 999.44         | 15.63  | 21.10         | 36.73         |
| MARCH   | 542.13  | 481.00         | 1023.13        | 15.90  | 22.89         | 38.79         |
| APRIL   | 437.37  | 479.90         | 917.27         | 12.84  | 20.76         | 33.60         |
| MAY   | 413.75  | 578.77         | 992.52         | 13.09  | 18.67         | 31.76         |
| JUNE  | 522.30  | 619.09         | 1141.39        | 12.73  | 35.55         | 48.28         |
| JULY  | 521.78  | 651.85         | 1173.63        | 15.26  | 29.30         | 44.56         |
| AUGUST  | 490.09  | 552.46         | 1042.55        | 14.51  | 25.45         | 39.96         |
| SEPTEMBER   |   |                |                |  |               |               |
| OCTOBER   |   |                |                |  |               |               |
| NOVEMBER  |   |                |                |  |               |               |
| DECEMBER  |   |                |                |  |               |               |
| <b>TOTAL</b>  | <b>4045.11</b>                                  | <b>4394.35</b> | <b>8439.46</b> | <b>117.10</b>                                  | <b>199.17</b> | <b>316.27</b> |

Data Source Export Promotion Bureau Compiled by BGMEA

Table-46

| MONTH-WISE GROWTH OF RMG EXPORT.           |                |                |              |                |                |              |                    |                 |              |
|--|----------------|----------------|--------------|----------------|----------------|--------------|--------------------|-----------------|--------------|
| (VALUE IN MILLION US\$, FISCAL YEAR BASIS) |                |                |              |                |                |              |                    |                 |              |
| Month                                      | ALL COUNTRIES  |                |              |                |                |              |                    |                 |              |
|  | Woven          |                | Growth Rate  | Knit           |                | Growth Rate  | Total (Woven+Knit) |                 | Growth Rate  |
|  | Year           |                |              | Year           |                |              |                    |                 |              |
|  | 2006/07        | 2007/08        | 2006/07      | 2007/08        | 2006/07        | 2007/08      |                    |                 |              |
| July                                       | 451.95         | 345.20         | -23.62       | 452.94         | 346.78         | -23.44       | 904.89             | 691.98          | -23.53       |
| August                                     | 461.89         | 417.02         | -9.71        | 446.91         | 445.01         | -0.43        | 908.80             | 862.03          | -5.15        |
| September                                  | 351.87         | 353.78         | 0.54         | 349.05         | 412.46         | 18.17        | 700.92             | 766.24          | 9.32         |
| October                                    | 311.38         | 314.66         | 1.05         | 351.68         | 387.32         | 10.13        | 663.06             | 701.98          | 5.87         |
| November                                   | 330.30         | 417.14         | 26.29        | 314.96         | 442.06         | 40.35        | 645.26             | 859.20          | 33.16        |
| December                                   | 459.71         | 471.11         | 2.48         | 447.21         | 516.57         | 15.51        | 906.92             | 987.68          | 8.90         |
| January                                    | 330.40         | 492.36         | 49.02        | 275.01         | 464.40         | 68.87        | 605.41             | 956.76          | 58.04        |
| February                                   | 415.33         | 477.96         | 15.08        | 343.14         | 455.05         | 32.61        | 758.47             | 933.01          | 23.01        |
| March                                      | 391.79         | 482.00         | 23.03        | 355.07         | 444.00         | 25.05        | 746.86             | 926.00          | 23.99        |
| April                                      | 308.79         | 415.45         | 34.54        | 325.91         | 479.30         | 47.07        | 634.70             | 894.75          | 40.97        |
| May  | 368.43         | 441.85         | 19.93        | 406.11         | 536.61         | 32.13        | 774.54             | 978.46          | 26.33        |
| June                                       | 474.75         | 540.13         | 13.77        | 486.49         | 603.43         | 24.04        | 961.24             | 1143.56         | 18.97        |
| <b>Total:</b>                              | <b>4656.59</b> | <b>5168.66</b> | <b>11.00</b> | <b>4554.48</b> | <b>5532.99</b> | <b>21.48</b> | <b>9211.07</b>     | <b>10701.65</b> | <b>16.18</b> |

Source : Export Promotion Bureau.

\*77 Source: Export Promotion Bureau



Table-47 \*78

Value in Million US\$

| Month     | ALL COUNTRIES |         |             |         |         |             |                    |          |             |  |
|-----------|---------------|---------|-------------|---------|---------|-------------|--------------------|----------|-------------|--|
|           | Woven         |         | Growth Rate | Knit    |         |             | Total (Woven+Knit) |          | Growth Rate |  |
|           | Year          |         |             | Year    |         | Growth Rate |                    |          |             |  |
|           | 2007/08       | 2008/09 | 2007/08     | 2008/09 | 2007/08 |             | 2008/09            |          |             |  |
| July      | 345.20        | 547.30  | 58.55       | 346.78  | 640.50  | 84.70       | 691.98             | 1187.80  | 71.65       |  |
| August    | 417.02        | 485.90  | 16.52       | 445.01  | 569.64  | 28.01       | 862.03             | 1055.54  | 22.45       |  |
| September | 353.78        | 492.08  | 39.09       | 412.46  | 620.94  | 50.55       | 766.24             | 1113.02  | 45.26       |  |
| October   | 314.66        | 292.22  | -7.13       | 387.32  | 357.04  | -7.82       | 701.98             | 649.26   | -7.51       |  |
| November  | 417.14        | 487.81  | 16.94       | 442.06  | 548.53  | 24.08       | 859.20             | 1036.34  | 20.62       |  |
| December  | 471.11        | 500.44  | 6.23        | 516.57  | 503.98  | -2.44       | 987.68             | 1004.42  | 1.69        |  |
| January   | 492.36        | 584.24  | 18.66       | 464.40  | 562.94  | 21.22       | 956.76             | 1147.18  | 19.90       |  |
| February  | 477.96        | 532.57  | 11.43       | 455.05  | 466.87  | 2.60        | 933.01             | 999.44   | 7.12        |  |
| March     | 482.00        | 542.13  | 12.48       | 444.00  | 480.61  | 8.25        | 926.00             | 1022.74  | 10.45       |  |
| April     | 415.45        | 437.79  | 5.38        | 479.30  | 479.96  | 0.14        | 894.75             | 917.75   | 2.57        |  |
| May       | 441.85        | 493.41  | 11.67       | 536.61  | 578.59  | 7.82        | 978.46             | 1072.00  | 9.56        |  |
| June      | 540.13        | 522.62  | -3.24       | 603.43  | 619.66  | 2.69        | 1143.56            | 1142.28  | -0.11       |  |
| Total:    | 5168.66       | 5918.51 | 14.51       | 5532.99 | 6429.26 | 16.20       | 10701.65           | 12347.77 | 15.38       |  |

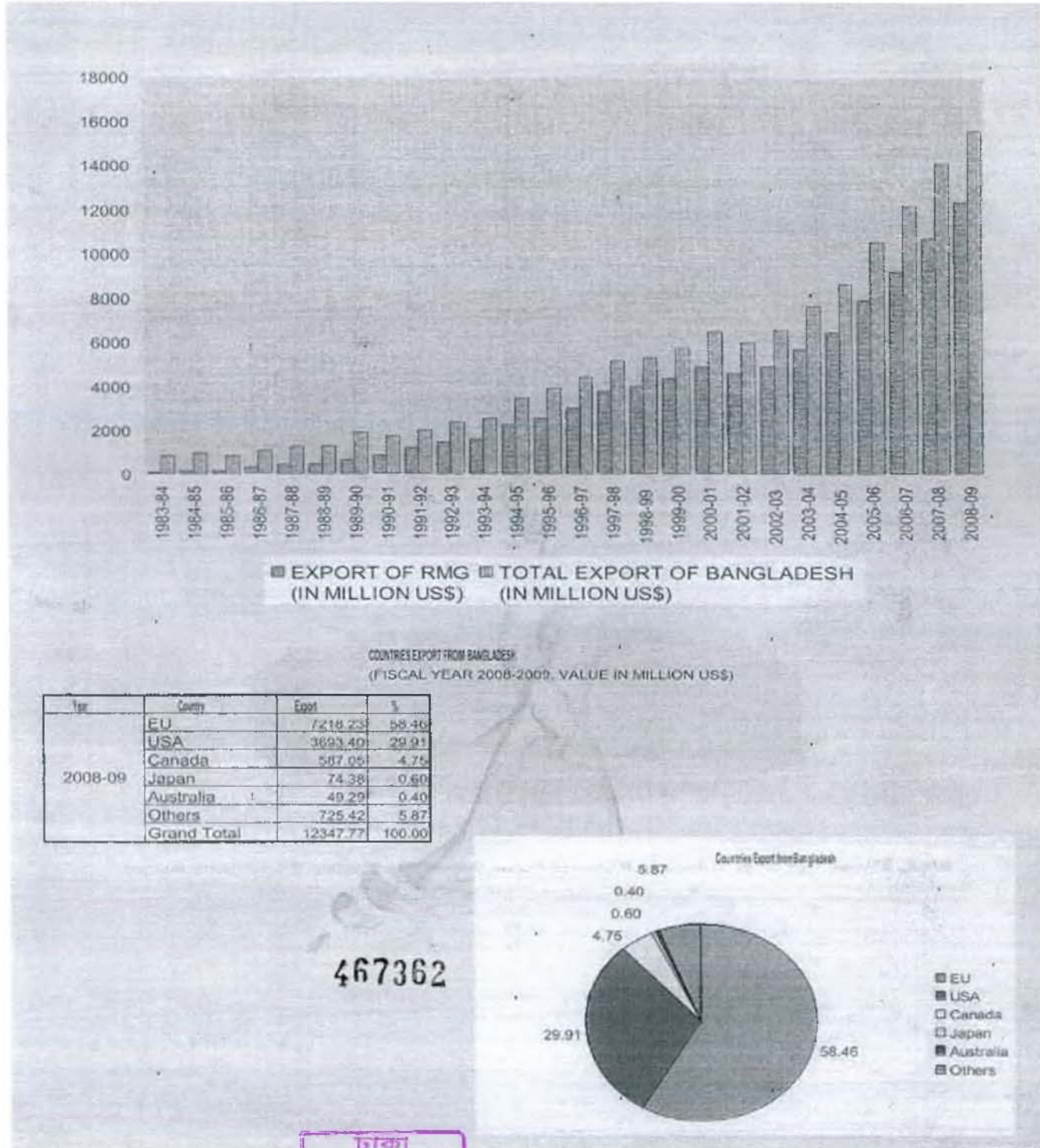
Table-48

Value in Million US\$

| Month     | ALL COUNTRIES |         |             |         |         |             |                    |         |             |  |
|-----------|---------------|---------|-------------|---------|---------|-------------|--------------------|---------|-------------|--|
|           | Woven         |         | Growth Rate | Knit    |         |             | Total (Woven+Knit) |         | Growth Rate |  |
|           | Year          |         |             | Year    |         | Growth Rate |                    |         |             |  |
|           | 2008          | 2009    | 2008        | 2009    | 2008    |             | 2009               |         |             |  |
| July      | 547.30        | 521.78  | -4%         | 640.50  | 651.85  | 1%          | 1187.80            | 1173.63 | -1%         |  |
| August    | 485.90        | 490.09  | 1%          | 569.64  | 552.46  | -3%         | 1055.54            | 1042.55 | -1%         |  |
| September |               |         |             |         |         |             |                    |         |             |  |
| October   |               |         |             |         |         |             |                    |         |             |  |
| November  |               |         |             |         |         |             |                    |         |             |  |
| December  |               |         |             |         |         |             |                    |         |             |  |
| January   |               |         |             |         |         |             |                    |         |             |  |
| February  |               |         |             |         |         |             |                    |         |             |  |
| March     |               |         |             |         |         |             |                    |         |             |  |
| April     |               |         |             |         |         |             |                    |         |             |  |
| May       |               |         |             |         |         |             |                    |         |             |  |
| June      |               |         |             |         |         |             |                    |         |             |  |
| Total     | 1033.20       | 1011.87 | -2%         | 1210.14 | 1204.31 | -0%         | 2243.34            | 2216.18 | -1%         |  |

\*78. Source: Export Promotion Bureau

Table-49 \*79



ঢাকা বিশ্ববিদ্যালয় গ্রন্থাগার

\*79 Source: Export Promotion Bureau

**Table-50****MONTHWISE EXPORT DATA**

Value in Million US\$

| Month     | GERMANY |        |             |         |         |             |                    |         |             |
|-----------|---------|--------|-------------|---------|---------|-------------|--------------------|---------|-------------|
|           | Woven   |        |             | Knit    |         |             | Total (Woven+Knit) |         | Growth Rate |
|           | Year    |        | Growth Rate | Year    |         | Growth Rate | 2006               | 2007    |             |
|           | 2006    | 2007   |             | 2006    | 2007    |             |                    |         |             |
| January   | 67.77   | 60.75  | -10.36      | 78.64   | 66.60   | -15.31      | 146.41             | 127.35  | -13.02      |
| February  | 70.91   | 79.33  | 11.87       | 110.65  | 82.90   | -25.08      | 181.56             | 162.23  | -10.65      |
| March     | 84.17   | 72.90  | -13.39      | 49.16   | 84.96   | 72.86       | 133.33             | 157.86  | 18.41       |
| April     | 53.12   | 96.98  | 82.51       | 82.32   | 79.47   | -3.46       | 135.44             | 176.42  | 30.26       |
| May       | 53.98   | 49.22  | -8.82       | 88.23   | 90.32   | 2.37        | 142.21             | 139.54  | -1.88       |
| June      | 62.70   | 75.93  | 21.19       | 99.92   | 116.53  | 16.82       | 162.62             | 192.46  | 18.35       |
| July      | 79.12   | 67.84  | -14.26      | 122.21  | 96.70   | -21.69      | 201.33             | 163.54  | -18.77      |
| August    | 77.14   | 66.77  | -13.44      | 111.96  | 110.47  | -1.33       | 189.10             | 177.24  | -6.27       |
| September | 57.86   | 51.80  | -10.46      | 89.00   | 98.97   | 8.96        | 146.86             | 148.77  | 1.31        |
| October   | 39.58   | 53.76  | 35.83       | 87.62   | 95.70   | 9.22        | 127.20             | 149.46  | 17.50       |
| November  | 40.85   | 59.50  | 46.37       | 71.88   | 101.15  | 40.72       | 112.53             | 160.65  | 42.76       |
| December  | 75.71   | 81.36  | 7.46        | 99.81   | 118.23  | 18.46       | 175.52             | 199.59  | 13.71       |
| Total     | 762.70  | 816.11 | 7.00        | 1091.40 | 1139.02 | 4.36        | 1854.10            | 1955.13 | 5.45        |

**Table-51**

| Month     | UK     |        |             |        |        |             |                    |        |             |
|-----------|--------|--------|-------------|--------|--------|-------------|--------------------|--------|-------------|
|           | Woven  |        |             | Knit   |        |             | Total (Woven+Knit) |        | Growth Rate |
|           | Year   |        | Growth Rate | Year   |        | Growth Rate | 2006               | 2007   |             |
|           | 2006   | 2007   |             | 2006   | 2007   |             |                    |        |             |
| January   | 26.97  | 27.91  | 3.49        | 29.51  | 29.75  | 0.81        | 56.48              | 57.66  | 2.09        |
| February  | 30.09  | 36.41  | 21.00       | 32.38  | 39.77  | 22.82       | 62.47              | 76.18  | 21.95       |
| March     | 35.66  | 38.12  | 6.90        | 37.23  | 46.83  | 25.79       | 72.89              | 84.95  | 16.55       |
| April     | 32.27  | 35.58  | 10.26       | 39.58  | 45.31  | 14.48       | 71.85              | 80.89  | 12.58       |
| May       | 32.33  | 37.89  | 17.20       | 37.42  | 41.50  | 10.90       | 69.75              | 79.39  | 13.82       |
| June      | 33.16  | 37.87  | 14.20       | 38.77  | 48.04  | 23.91       | 71.93              | 85.91  | 19.44       |
| July      | 34.57  | 25.22  | -27.05      | 40.92  | 35.66  | -12.85      | 75.49              | 60.88  | -19.35      |
| August    | 36.14  | 35.29  | -2.35       | 43.56  | 63.37  | 45.48       | 79.70              | 98.66  | 23.79       |
| September | 30.71  | 37.12  | 20.87       | 39.51  | 53.10  | 34.40       | 70.22              | 90.22  | 28.48       |
| October   | 28.42  | 28.70  | 0.99        | 35.16  | 43.16  | 22.75       | 63.58              | 71.86  | 13.02       |
| November  | 27.66  | 35.06  | 26.75       | 33.79  | 48.90  | 44.72       | 61.45              | 83.96  | 36.63       |
| December  | 33.54  | 36.30  | 8.23        | 45.26  | 52.08  | 15.07       | 78.80              | 88.38  | 12.16       |
| Total:    | 381.52 | 411.47 | 7.85        | 453.09 | 547.47 | 20.83       | 834.61             | 958.94 | 14.90       |

**Table-52**

| Month     | FRANCE |        |             |        |        |             |                    |        |             |
|-----------|--------|--------|-------------|--------|--------|-------------|--------------------|--------|-------------|
|           | Woven  |        |             | Knit   |        |             | Total (Woven+Knit) |        | Growth Rate |
|           | Year   |        | Growth Rate | Year   |        | Growth Rate | 2006               | 2007   |             |
|           | 2006   | 2007   |             | 2006   | 2007   |             |                    |        |             |
| January   | 16.73  | 13.96  | -16.56      | 30.16  | 24.21  | -19.73      | 46.89              | 38.17  | -18.60      |
| February  | 12.35  | 13.00  | 5.26        | 29.33  | 33.65  | 14.73       | 41.68              | 46.65  | 11.92       |
| March     | 12.79  | 2.92   | -77.17      | 34.02  | 3.03   | -91.09      | 46.81              | 5.95   | -87.29      |
| April     | 13.89  | 14.13  | 1.73        | 38.93  | 41.65  | 6.99        | 52.82              | 55.78  | 5.60        |
| May       | 25.80  | 25.14  | -2.56       | 54.87  | 56.92  | 3.74        | 80.67              | 82.06  | 1.72        |
| June      | 26.35  | 25.13  | -4.63       | 54.52  | 61.35  | 12.53       | 80.87              | 86.48  | 6.94        |
| July      | 17.85  | 15.33  | -13.14      | 45.11  | 39.44  | -12.57      | 62.76              | 54.77  | -12.73      |
| August    | 17.02  | 14.35  | -15.69      | 40.05  | 41.67  | 4.04        | 57.07              | 56.02  | -1.84       |
| September | 12.39  | 13.31  | 7.43        | 29.82  | 44.57  | 49.46       | 42.21              | 57.88  | 37.12       |
| October   | 18.94  | 18.15  | -4.17       | 42.11  | 47.57  | 12.97       | 61.05              | 65.72  | 7.65        |
| November  | 18.89  | 25.66  | 35.84       | 41.15  | 64.82  | 57.52       | 60.04              | 90.48  | 50.70       |
| December  | 22.81  | 22.98  | 0.75        | 56.81  | 69.74  | 22.76       | 79.62              | 92.72  | 16.45       |
| Total:    | 215.61 | 204.06 | -5.36       | 496.88 | 528.62 | 6.39        | 712.49             | 732.68 | 2.83        |

**Table-53**

| Month     | ITALY  |        |             |        |        |             |                    |        |             |
|-----------|--------|--------|-------------|--------|--------|-------------|--------------------|--------|-------------|
|           | Woven  |        |             | Knit   |        |             | Total (Woven+Knit) |        | Growth Rate |
|           | Year   |        | Growth Rate | Year   |        | Growth Rate | 2006               | 2007   |             |
|           | 2006   | 2007   |             | 2006   | 2007   |             |                    |        |             |
| January   | 11.94  | 10.35  | -13.32      | 22.15  | 22.17  | 0.09        | 34.09              | 32.52  | -4.61       |
| February  | 11.33  | 11.86  | 4.68        | 18.87  | 26.74  | 41.71       | 30.20              | 38.60  | 27.81       |
| March     | 9.62   | 7.49   | -22.14      | 20.90  | 19.95  | -4.55       | 30.52              | 27.44  | -10.09      |
| April     | 6.76   | 5.18   | -23.37      | 19.11  | 15.39  | -19.47      | 25.87              | 20.57  | -20.49      |
| May       | 10.14  | 9.78   | -3.55       | 26.61  | 22.07  | -17.06      | 36.75              | 31.85  | -13.33      |
| June      | 13.79  | 15.73  | 14.07       | 27.10  | 32.99  | 21.73       | 40.89              | 48.72  | 19.15       |
| July      | 16.72  | 10.92  | -34.69      | 24.05  | 20.34  | -15.43      | 40.77              | 31.26  | -23.33      |
| August    | 14.80  | 9.39   | -36.55      | 22.17  | 21.59  | -2.62       | 36.97              | 30.98  | -16.20      |
| September | 6.05   | 5.88   | -2.81       | 14.93  | 14.02  | -6.10       | 20.98              | 19.90  | -5.15       |
| October   | 8.30   | 8.06   | -2.89       | 17.44  | 15.75  | -9.69       | 25.74              | 23.81  | -7.50       |
| November  | 13.04  | 12.66  | -2.91       | 17.53  | 24.88  | 41.93       | 30.57              | 37.54  | 22.80       |
| December  | 20.29  | 18.40  | -9.31       | 32.57  | 38.40  | 17.90       | 52.86              | 56.80  | 7.45        |
| Total:    | 142.78 | 125.70 | -11.96      | 263.43 | 274.29 | 4.12        | 406.21             | 399.99 | -1.53       |

**Table-54**

Value in Million US\$

| Month         | BELGIUM      |               |              |               |               |              |                    |               |             |        |
|---------------|--------------|---------------|--------------|---------------|---------------|--------------|--------------------|---------------|-------------|--------|
|               | Woven        |               |              | Knit          |               |              | Total (Woven+Knit) |               | Growth Rate |        |
|               | Year         |               | Growth Rate  | Year          |               | Growth Rate  | 2006               | 2007          |             |        |
|               | 2006         | 2007          |              | 2006          | 2007          |              |                    |               |             |        |
| January       | 6.03         | 5.81          | -3.85        | 13.10         | 9.60          | -26.72       | 19.13              | 15.41         |             | -19.45 |
| February      | 5.68         | 6.31          | 11.09        | 11.85         | 13.15         | 10.97        | 17.53              | 19.46         | 11.01       |        |
| March         | 4.87         | 7.88          | 61.81        | 11.71         | 13.94         | 19.04        | 16.58              | 21.82         | 31.60       |        |
| April         | 4.78         | 8.26          | 72.80        | 13.51         | 15.88         | -17.54       | 18.29              | 24.14         | 31.98       |        |
| May           | 7.92         | 8.01          | 1.14         | 13.35         | 15.82         | 18.50        | 21.27              | 23.83         | 12.04       |        |
| June          | 8.99         | 11.93         | 32.70        | 16.27         | 13.91         | -14.51       | 25.26              | 25.84         | 2.30        |        |
| July          | 9.67         | 12.53         | 29.58        | 14.20         | 8.13          | -42.75       | 23.87              | 20.66         | -13.45      |        |
| August        | 8.02         | 8.44          | 5.24         | 14.06         | 11.23         | -20.13       | 22.08              | 19.67         | -10.91      |        |
| September     | 5.46         | 8.53          | 56.23        | 12.73         | 10.84         | -14.85       | 18.19              | 19.37         | 6.49        |        |
| October       | 6.45         | 6.87          | 6.51         | 12.80         | 14.46         | 12.97        | 19.25              | 21.33         | 10.81       |        |
| November      | 6.90         | 9.90          | 43.48        | 11.13         | 17.12         | 53.82        | 18.03              | 27.02         | 49.86       |        |
| December      | 8.81         | 9.05          | 2.72         | 16.38         | 15.27         | -6.78        | 25.19              | 24.32         | -3.45       |        |
| <b>Total:</b> | <b>83.58</b> | <b>103.52</b> | <b>23.86</b> | <b>161.09</b> | <b>159.35</b> | <b>-1.08</b> | <b>244.67</b>      | <b>262.87</b> | <b>7.44</b> |        |

**Table-55**

| Month         | THE NETHERLANDS |               |             |               |               |              |                    |               |             |      |
|---------------|-----------------|---------------|-------------|---------------|---------------|--------------|--------------------|---------------|-------------|------|
|               | Woven           |               |             | Knit          |               |              | Total (Woven+Knit) |               | Growth Rate |      |
|               | Year            |               | Growth Rate | Year          |               | Growth Rate  | 2006               | 2007          |             |      |
|               | 2006            | 2007          |             | 2006          | 2007          |              |                    |               |             |      |
| January       | 10.02           | 10.61         | 5.89        | 14.60         | 14.64         | 0.27         | 24.62              | 25.25         |             | 2.56 |
| February      | 11.33           | 13.58         | 19.86       | 14.62         | 19.08         | 30.51        | 25.95              | 32.66         | 25.86       |      |
| March         | 10.21           | 12.10         | 18.51       | 13.94         | 18.72         | 34.29        | 24.15              | 30.82         | 27.62       |      |
| April         | 6.27            | 9.28          | 48.01       | 13.49         | 15.37         | 13.94        | 19.76              | 24.65         | 24.75       |      |
| May           | 9.10            | 9.05          | -0.55       | 16.36         | 23.08         | 41.08        | 25.46              | 32.13         | 26.20       |      |
| June          | 12.37           | 14.29         | 15.52       | 20.10         | 29.15         | 45.02        | 32.47              | 43.44         | 33.79       |      |
| July          | 15.91           | 12.07         | -24.14      | 25.09         | 17.45         | -30.45       | 41.00              | 29.52         | -28.00      |      |
| August        | 15.48           | 12.93         | -16.47      | 24.82         | 18.49         | -25.50       | 40.30              | 31.42         | -22.03      |      |
| September     | 8.85            | 7.99          | -9.72       | 17.07         | 15.29         | -10.43       | 25.92              | 23.28         | -10.19      |      |
| October       | 8.05            | 7.29          | -9.44       | 16.91         | 18.27         | 8.04         | 24.96              | 25.56         | 2.40        |      |
| November      | 8.54            | 10.86         | 27.17       | 15.22         | 22.11         | 45.27        | 23.76              | 32.97         | 38.76       |      |
| December      | 15.75           | 16.52         | 4.89        | 24.70         | 29.71         | 20.28        | 40.45              | 46.23         | 14.29       |      |
| <b>Total:</b> | <b>131.88</b>   | <b>136.57</b> | <b>3.56</b> | <b>216.92</b> | <b>241.36</b> | <b>11.27</b> | <b>348.80</b>      | <b>377.93</b> | <b>8.35</b> |      |

**Table-56**

| Month     | USA     |         |             |        |        |             |                    |         |             |
|-----------|---------|---------|-------------|--------|--------|-------------|--------------------|---------|-------------|
|           | Woven   |         |             | Knit   |        |             | Total (Woven+Knit) |         | Growth Rate |
|           | Year    |         | Growth Rate | Year   |        | Growth Rate | 2006               | 2007    |             |
|           | 2006    | 2007    |             | 2006   | 2007   |             |                    |         |             |
| January   | 185.77  | 157.93  | -4.73       | 41.37  | 52.51  | 26.93       | 207.14             | 210.44  |             |
| February  | 171.72  | 210.50  | 22.58       | 42.76  | 54.48  | 27.41       | 214.48             | 264.98  | 23.55       |
| March     | 151.40  | 193.86  | 28.04       | 45.83  | 52.54  | 14.84       | 197.23             | 248.40  | 24.93       |
| April     | 141.25  | 148.97  | 5.47        | 51.24  | 43.08  | -15.93      | 192.49             | 192.05  | -0.23       |
| May       | 203.77  | 177.57  | -12.86      | 62.23  | 66.50  | 6.86        | 266.00             | 244.07  | -8.24       |
| June      | 217.55  | 214.48  | -1.42       | 67.97  | 81.28  | 19.58       | 285.52             | 295.74  | 3.58        |
| July      | 212.77  | 143.45  | -32.58      | 78.77  | 50.16  | -34.86      | 289.54             | 193.61  | -33.13      |
| August    | 230.45  | 211.53  | -8.21       | 88.04  | 70.76  | -19.63      | 318.49             | 282.29  | -11.37      |
| September | 189.89  | 173.08  | -8.76       | 65.98  | 77.47  | 17.41       | 255.67             | 250.55  | -2.00       |
| October   | 180.39  | 147.95  | -7.76       | 60.02  | 61.35  | 2.22        | 220.41             | 209.30  | -5.04       |
| November  | 171.11  | 204.67  | 19.61       | 52.70  | 55.43  | 5.18        | 223.81             | 260.10  | 16.21       |
| December  | 217.51  | 218.23  | 0.33        | 68.49  | 71.77  | 4.79        | 286.00             | 290.00  | 1.40        |
| Total:    | 2233.38 | 2202.20 | -1.40       | 723.40 | 737.33 | 1.93        | 2956.78            | 2939.53 | -0.58       |

**Table-57**

| Month     | ALL COUNTRIES |         |             |         |         |             |                    |         |             |
|-----------|---------------|---------|-------------|---------|---------|-------------|--------------------|---------|-------------|
|           | Woven         |         |             | Knit    |         |             | Total (Woven+Knit) |         | Growth Rate |
|           | Year          |         | Growth Rate | Year    |         | Growth Rate | 2006               | 2007    |             |
|           | 2006          | 2007    |             | 2006    | 2007    |             |                    |         |             |
| January   | 354.15        | 330.40  | -6.71       | 298.87  | 275.01  | -7.30       | 650.82             | 605.41  |             |
| February  | 352.36        | 415.33  | 17.87       | 282.93  | 343.14  | 21.28       | 635.29             | 758.47  | 19.39       |
| March     | 349.64        | 391.79  | 12.06       | 314.32  | 355.07  | 12.96       | 663.96             | 746.86  | 12.49       |
| April     | 283.41        | 308.79  | 5.24        | 322.95  | 325.91  | 0.92        | 616.36             | 634.70  | 2.98        |
| May       | 381.06        | 368.43  | -5.79       | 387.68  | 406.11  | 4.75        | 778.74             | 774.54  | -0.54       |
| June      | 437.11        | 474.75  | 8.61        | 421.37  | 486.49  | 15.45       | 858.48             | 961.24  | 11.97       |
| July      | 451.95        | 345.20  | -23.62      | 452.94  | 348.78  | -23.44      | 904.89             | 691.98  | -23.53      |
| August    | 461.89        | 417.02  | -9.71       | 446.91  | 445.01  | -0.43       | 908.80             | 862.03  | -5.15       |
| September | 351.87        | 353.78  | 0.54        | 349.05  | 412.46  | 18.17       | 700.92             | 766.24  | 9.32        |
| October   | 311.38        | 314.86  | 1.05        | 351.68  | 387.32  | 10.13       | 663.06             | 701.98  | 5.87        |
| November  | 330.30        | 417.14  | 26.29       | 314.96  | 442.06  | 40.35       | 645.26             | 859.20  | 33.16       |
| December  | 459.71        | 471.11  | 2.48        | 447.21  | 516.57  | 15.51       | 906.92             | 987.68  | 8.90        |
| Total:    | 4544.83       | 4608.40 | 1.40        | 4388.67 | 4741.93 | 8.05        | 8933.50            | 9350.33 | 4.67        |

B) World Market Share: The exports of garments from Bangladesh and its share in the global trade have been analyzed here. If it is analyzed, the total export performance of Bangladesh will be found that Bangladesh started export of garments mainly in 2009-2010. The export performance of garments is shown below with its share in the world market. \*80

### World market share of Bangladesh among select economies

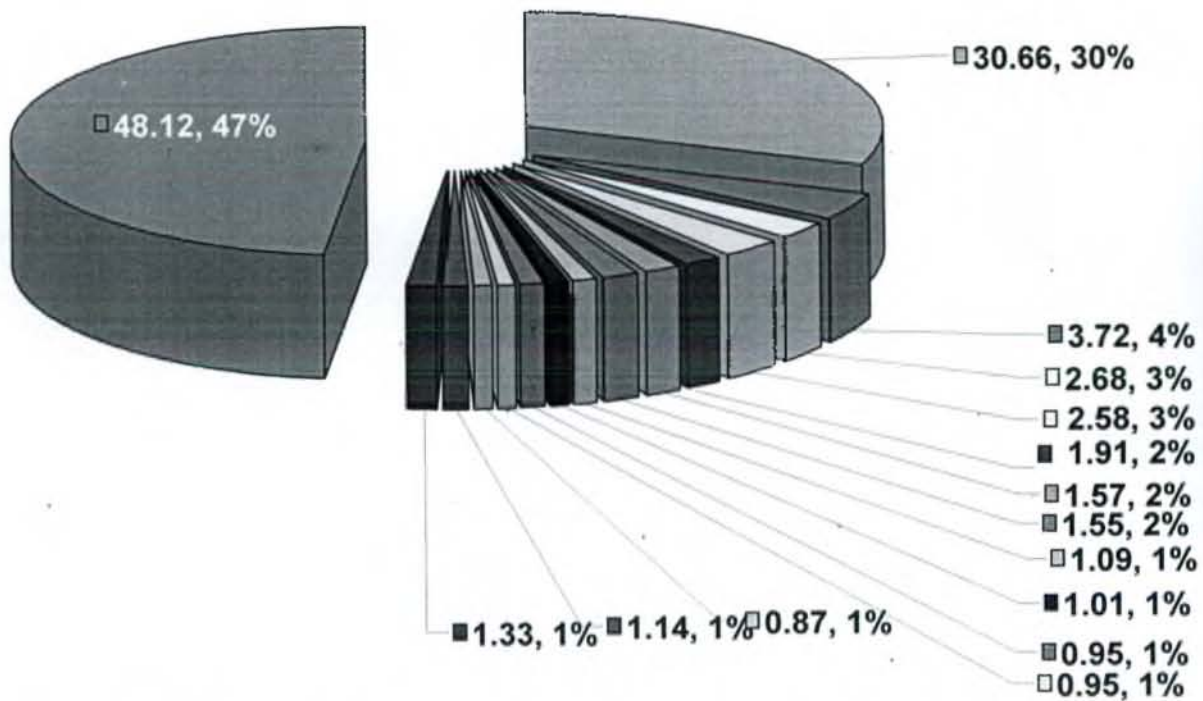
**Table-58**

| SL.NO. |                   | 2009-2010                          |                            |
|--------|-------------------|------------------------------------|----------------------------|
|        |                   | CLOTHING EXPORT<br>IN BILLION US\$ | % SHARE<br>IN WORLD EXPORT |
|        | WORLD             | 375.7                              |                            |
|        | COUNTRY           |                                    |                            |
| 1      | CHINA             | 115.20                             | 30.66                      |
| 2      | TURKEY            | 14.00                              | 3.72                       |
| 3      | BANGLADESH        | 10.10                              | 2.68                       |
| 4      | INDIA             | 9.70                               | 2.58                       |
| 5      | VIETNAM           | 7.20                               | 1.91                       |
| 6      | INDONESIA         | 5.90                               | 1.57                       |
| 7      | MEXICO            | 5.10                               | 1.35                       |
| 8      | THAILAND          | 4.10                               | 1.09                       |
| 9      | PAKISTAN          | 3.80                               | 1.01                       |
| 10     | MOROCCO           | 3.60                               | 0.95                       |
| 11     | TUNISIA           | 3.60                               | 0.95                       |
| 12     | SRI LANKA         | 3.30                               | 0.87                       |
| 13     | USA               | 4.30                               | 1.14                       |
| 14     | DOMESDIC          | 5.00                               | 1.33                       |
| 15     | REST OF THE WORLD | 180.80                             | 48.12                      |

\*80 WTO

Graph-13

World Apparel Share of Bangladesh along with selected economies in the year of 2010



|        |          |                   |         |         |           |
|--------|----------|-------------------|---------|---------|-----------|
| China  | Turkey   | Bangladesh        | India   | Vietnam | Indonesia |
| Mexico | Thailand | Pakistan          | Morocco | Tunisia | Srilanka  |
| USA    | Domestic | Rest of the world |         |         |           |



Table-59 Bangladesh's RMG Export to World (FY04-05, FY05-06, FY06-07, FY07-08)

| Million US\$                   | Woven          |                |                | Knit           |                |                | Total          |                |                 |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|-----------------|
|                                | July - June    | July - June    | July - June    | July - June    | July - June    | July - June    | July - June    | July - June    | July - June     |
| <b>Major EU Countries (14)</b> | <b>2005-06</b> | <b>2006-07</b> | <b>2007-08</b> | <b>2005-06</b> | <b>2006-07</b> | <b>2007-08</b> | <b>2005-06</b> | <b>2006-07</b> | <b>2007-08</b>  |
| Austria                        | 3.64           | 3.46           | 2.83           | 10.43          | 12.96          | 16.49          | 14.07          | 16.42          | 19.32           |
| Belgium                        | 71.75          | 93.51          | 104.12         | 141.20         | 163.60         | 183.59         | 212.95         | 257.11         | 287.71          |
| Denmark                        | 15.17          | 17.89          | 17.74          | 68.07          | 83.48          | 103.43         | 83.24          | 101.37         | 121.17          |
| Finland                        | 6.16           | 7.05           | 5.75           | 12.00          | 17.39          | 18.36          | 18.17          | 24.44          | 24.11           |
| France                         | 204.31         | 201.98         | 237.46         | 435.25         | 475.86         | 639.55         | 639.56         | 677.83         | 877.01          |
| Germany                        | 696.74         | 760.13         | 812.67         | 993.49         | 1103.28        | 1245.08        | 1690.23        | 1863.41        | 2057.75         |
| Greece                         | 5.72           | 5.80           | 6.44           | 8.50           | 12.63          | 20.90          | 14.23          | 18.43          | 27.34           |
| Italy                          | 112.21         | 139.59         | 146.76         | 225.33         | 268.00         | 320.42         | 337.54         | 407.59         | 467.18          |
| Ireland                        | 33.54          | 38.71          | 35.67          | 42.45          | 47.13          | 47.48          | 75.99          | 85.84          | 83.15           |
| Netherlands                    | 110.66         | 141.49         | 241.85         | 181.26         | 243.85         | 359.13         | 291.92         | 385.34         | 600.98          |
| Portugal                       | 2.70           | 3.05           | 5.42           | 10.60          | 11.74          | 17.14          | 13.30          | 14.79          | 22.56           |
| Spain                          | 111.50         | 127.95         | 136.60         | 258.65         | 351.34         | 410.78         | 370.16         | 479.29         | 547.38          |
| Sweden                         | 52.01          | 50.18          | 52.13          | 92.98          | 103.82         | 137.71         | 144.98         | 154.00         | 189.84          |
| U.K.                           | 355.62         | 404.82         | 455.11         | 401.77         | 489.40         | 616.91         | 757.39         | 894.22         | 1072.02         |
| <b>Total</b>                   | <b>1781.73</b> | <b>1995.59</b> | <b>2260.55</b> | <b>2881.97</b> | <b>3384.47</b> | <b>4136.97</b> | <b>4663.70</b> | <b>5380.06</b> | <b>6397.52</b>  |
| <b>Other EU Countries (11)</b> |                |                |                |                |                |                |                |                |                 |
| Cyprus                         | 0.08           | 0.03           | 0.03           | 1.04           | 0.84           | 0.56           | 1.12           | 0.87           | 0.59            |
| Czech Republic                 | 4.49           | 2.37           | 1.51           | 6.38           | 10.75          | 15.69          | 10.87          | 13.12          | 17.20           |
| Estonia                        | 0.00           | 0.00           | 0.00           | 0.01           | 0.00           | 0.41           | 0.01           | 0.00           | 0.41            |
| Hungary                        | 3.30           | 1.49           | 0.76           | 5.19           | 4.61           | 5.63           | 8.50           | 6.09           | 6.39            |
| Latvia                         | 0.39           | 0.60           | 0.02           | 0.01           | 0.11           | 0.03           | 0.40           | 0.71           | 0.05            |
| Lithuania                      | 0.12           | 0.02           | 0.00           | 0.18           | 0.08           | 0.11           | 0.31           | 0.10           | 0.11            |
| Malta                          | 0.00           | 0.14           | 0.05           | 0.97           | 1.46           | 1.19           | 0.97           | 1.60           | 1.24            |
| Poland                         | 3.74           | 2.90           | 4.56           | 11.03          | 18.47          | 31.01          | 14.77          | 21.37          | 35.57           |
| Slovakia                       | 2.97           | 9.05           | 11.00          | 2.53           | 16.11          | 17.48          | 5.50           | 25.16          | 28.48           |
| Slovenia                       | 0.15           | 0.26           | 0.96           | 1.22           | 2.19           | 2.13           | 1.37           | 2.45           | 3.09            |
| <b>Total</b>                   | <b>15.24</b>   | <b>16.85</b>   | <b>18.89</b>   | <b>28.57</b>   | <b>54.61</b>   | <b>74.24</b>   | <b>43.81</b>   | <b>71.46</b>   | <b>93.13</b>    |
| <b>Total EU</b>                | <b>1796.97</b> | <b>2012.44</b> | <b>2279.44</b> | <b>2910.54</b> | <b>3439.08</b> | <b>4211.21</b> | <b>4707.51</b> | <b>5451.52</b> | <b>6490.65</b>  |
| <b>EU % of World</b>           | <b>44.00</b>   | <b>43.21</b>   | <b>44.10</b>   | <b>76.25</b>   | <b>75.52</b>   | <b>76.11</b>   | <b>59.58</b>   | <b>59.18</b>   | <b>60.65</b>    |
| <b>Growth</b>                  |                | <b>11.99</b>   | <b>13.27</b>   |                | <b>18.16</b>   | <b>22.45</b>   |                | <b>15.80</b>   | <b>19.06</b>    |
| <b>Canada</b>                  | <b>179.67</b>  | <b>207.90</b>  | <b>235.38</b>  | <b>188.55</b>  | <b>200.70</b>  | <b>232.40</b>  | <b>368.22</b>  | <b>408.60</b>  | <b>467.78</b>   |
| <b>% of Canada</b>             | <b>4.40</b>    | <b>4.46</b>    | <b>4.55</b>    | <b>4.94</b>    | <b>4.41</b>    | <b>4.20</b>    | <b>4.66</b>    | <b>4.44</b>    | <b>4.37</b>     |
| <b>Growth</b>                  |                | <b>15.71</b>   | <b>13.22</b>   |                | <b>6.44</b>    | <b>15.79</b>   |                | <b>10.97</b>   | <b>14.48</b>    |
| <b>USA</b>                     | <b>2012.77</b> | <b>2284.84</b> | <b>2418.38</b> | <b>618.51</b>  | <b>762.39</b>  | <b>807.28</b>  | <b>2631.28</b> | <b>3047.23</b> | <b>3225.66</b>  |
| <b>% of USA</b>                | <b>49.29</b>   | <b>49.06</b>   | <b>46.79</b>   | <b>16.20</b>   | <b>16.74</b>   | <b>14.59</b>   | <b>33.30</b>   | <b>33.08</b>   | <b>30.14</b>    |
| <b>Growth</b>                  |                | <b>13.52</b>   | <b>5.84</b>    |                | <b>23.26</b>   | <b>5.89</b>    |                | <b>15.81</b>   | <b>5.86</b>     |
| <b>Japan</b>                   | <b>12.98</b>   | <b>15.51</b>   | <b>20.80</b>   | <b>4.91</b>    | <b>5.38</b>    | <b>7.23</b>    | <b>17.89</b>   | <b>20.89</b>   | <b>28.03</b>    |
| <b>% of Japan</b>              | <b>0.32</b>    | <b>0.33</b>    | <b>0.40</b>    | <b>0.13</b>    | <b>0.12</b>    | <b>0.13</b>    | <b>0.23</b>    | <b>0.23</b>    | <b>0.26</b>     |
| <b>Growth</b>                  |                | <b>19.49</b>   | <b>34.13</b>   |                | <b>9.61</b>    | <b>34.34</b>   |                | <b>16.78</b>   | <b>34.19</b>    |
| <b>Australia</b>               | <b>3.09</b>    | <b>3.86</b>    | <b>6.55</b>    | <b>5.48</b>    | <b>6.55</b>    | <b>15.37</b>   | <b>8.56</b>    | <b>10.41</b>   | <b>21.92</b>    |
| <b>% of Australia</b>          | <b>0.08</b>    | <b>0.08</b>    | <b>0.13</b>    | <b>0.14</b>    | <b>0.14</b>    | <b>0.28</b>    | <b>0.11</b>    | <b>0.11</b>    | <b>0.20</b>     |
| <b>Growth</b>                  |                | <b>24.84</b>   | <b>69.91</b>   |                | <b>19.63</b>   | <b>134.62</b>  |                | <b>21.51</b>   | <b>110.65</b>   |
| <b>Other Countries</b>         | <b>78.34</b>   | <b>133.09</b>  | <b>208.11</b>  | <b>89.00</b>   | <b>139.49</b>  | <b>259.50</b>  | <b>167.34</b>  | <b>272.58</b>  | <b>467.61</b>   |
| <b>% of Other Countries</b>    | <b>1.92</b>    | <b>2.86</b>    | <b>4.03</b>    | <b>2.33</b>    | <b>3.06</b>    | <b>4.69</b>    | <b>2.12</b>    | <b>2.96</b>    | <b>4.37</b>     |
| <b>GRAND TOTAL</b>             | <b>4083.82</b> | <b>4657.63</b> | <b>5168.66</b> | <b>3816.98</b> | <b>4553.60</b> | <b>5532.99</b> | <b>7900.80</b> | <b>9211.23</b> | <b>10701.65</b> |
| <b>Growth</b>                  |                | <b>14.05</b>   | <b>10.97</b>   |                | <b>19.30</b>   | <b>21.51</b>   |                | <b>16.59</b>   | <b>16.18</b>    |

Source: EPB, Compiled by: RDTI Cell, BGMEA

From the above table it may be seen that the participation of all in world market is not negligible in this item (RMG). But the export performance of Bangladesh is very much encouraging. Because the export of garment products 12347.77 million US\$ in 2008-2009. Which is 1646.12 US\$ access than 2007-2008.

**(C) MAJOR IMPORTED COUNTRY FROM BANGLADESH:** As per data collection form individual exporters, Bangladesh Bank Statistics (BBS) and EPB, the biggest importers of Bangladesh garments are USA, Germany, UK, Netherlands, France and Italy. But the Major importers are EEC countries and other small importers are Canada, Denmark, Finland and some irregular importers. As such as Turkey and Japan.

**Table-60**

Showing the Distribution of Major importers of Garments from Bangladesh (2009-2010) \*81

**APPAREL EXPORT TO MAJOR MARKETS IN 2009-2010**

VALUE IN MN. US\$

| COUNTRIES          | KNIT           | WOVEN          | TOTAL           | % OF TOTAL    |
|--------------------|----------------|----------------|-----------------|---------------|
| Austria            | 60.41          | 25.15          | 85.56           | 0.15          |
| Belgium            | 155.79         | 87.78          | 243.75          | 3.51          |
| Denmark            | 178.24         | 33.51          | 455.50          | 1.38          |
| Finland            | 15.59          | 5.47           | 21.06           | 0.52          |
| France             | 692.00         | 260.92         | 952.92          | 7.89          |
| Germany            | 1282.77        | 715.31         | 1998.14         | 15.70         |
| Greece             | 20.66          | 8.92           | 29.58           | 0.07          |
| Ireland            | 80.16          | 54.14          | 134.30          | 0.64          |
| Italy              | 379.04         | 161.34         | 540.38          | 4.06          |
| Netherlands        | 528.57         | 388.79         | 917.36          | 5.21          |
| Portugal           | 23.08          | 4.87           | 27.95           | 0.14          |
| Spain              | 384.55         | 136.98         | 521.53          | 3.38          |
| Sweden             | 129.89         | 54.98          | 184.87          | 1.84          |
| UK                 | 725.74         | 534.29         | 1260.03         | 11.71         |
| <b>Total EU</b>    | <b>4712.21</b> | <b>2478.54</b> | <b>7199.75</b>  | <b>58.46</b>  |
| <b>USA</b>         | <b>891.61</b>  | <b>2736.44</b> | <b>3628.05</b>  | <b>29.91</b>  |
| <b>Canada</b>      | <b>283.86</b>  | <b>311.69</b>  | <b>595.55</b>   | <b>4.75</b>   |
| <b>Others</b>      | <b>179.28</b>  | <b>112.78</b>  | <b>292.06</b>   | <b>6.87</b>   |
| <b>Grand Total</b> | <b>6483.29</b> | <b>6013.44</b> | <b>12496.73</b> | <b>100.00</b> |

From the above table it has been expressed that the export of RMG product to the major imported four countries like Germany, Netherlands, France and Italy are decreasing, but the total export earnings are increasing for the cause of introducing new imported countries.

\*81. Bangladesh export statistics, 1992-93 P-79 & Export Promotion Bureau (EPB)

In 2008-2009 15 (fifteen) new countries were introduced which imported garment products from Bangladesh, although initial import figure was small, and total export was higher than all previous year. The newly introduced countries are Russia, Oman, South Africa, Kuwait, Greece, Bulgaria and Hungary, Turkey, Japan, India, China etc. The collected data also reveals that among the total 42 importing countries, 95.32% are imported by only 10 countries and 4.68% are imported by 32 countries.

**(D) PERFORMANCE OF “EPZ” IN INTERNATIONAL MARKET:** The primary objectives of an EPZ is to provide special areas where potential investors find a congenial investment climate, free from cumbersome producers. Two EPZs, one in Chittagong and the other near Dhaka (SAVAR) are now in operation.

In this study, among the woven, sweater and knit are produced in EPZ area. In this chapter, RMG export performance has been analyzed according the collected data from EPZ authority. It has been observed that out of three garment units in Dhaka EPZ, only one unit is operation and two units are proposed and these two units are foreign initiative. But out of nine garments unit in Chittagong EPZ, 4 units are proposed and 5 units are operational. Among these units three are A-type (100% foreign investment), Three are B-type (joint venture) and three are C-type (100% local investment), the export performance of these operational units are increasing.

**Table-61**

Showing the Distribution of RMG Export of Export Processing Zone  
(Value in '000' us \$)\* 82

| Year      | RMG Export | Total EPZ export | % of Total EPZ Export | % Change 1992-93 over 1991-92 |
|-----------|------------|------------------|-----------------------|-------------------------------|
| 2007-2008 |            | 67498            | 3%                    |                               |
| 2008-2009 |            | 110311           | 2.28%                 | 24.38%                        |

Export processing zone is very much potential enclave area of Bangladesh. The total export performance of those areas has already been prospective.

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\*82 statement of EPZ export

## **CHAPTER 5**

### **Major Finding of the Study**

#### **5.1 GENERAL FINDINGS**

##### **A) GENERAL POLICY SUPPORT TO THE EXPORT MARKETING:**

The Government of Bangladesh has taken the various policy measures for encouraging investment, industrialization and export business. The policy measures having recourse to the Fourth Five Year Plan, Export Policy, Board of Investment and Export Promotion Bureau, the measures have been illustrated in the following paragraphs.

##### **FIFTH FIVE YEAR PLAN:**

Total export earnings are projected to grow at an annual average rate of 9.39 percent in real terms as against an estimated rate 11.6 percent in the third plan period. A special feature of the export regime envisaged for the fourth plan is that raw jute and jute manufactures are not likely to remain the mainstay of foreign exchange earnings. Instead, three key non-traditional items, i.e. garments, frozen food and leather are expected to contribute significantly towards realization of the targeted growth in export earnings. The shift in the growth pattern of export, from traditional to non-traditional items, is likely to continue throughout the Fourth Plan Period. Traditional and non-traditional exports are planned to grow at the annual average rates of 3.3 percent and 10.00 percent respectively. Total export earnings are projected to increase from US\$269.56 million in 1983-84 to US\$6193.97 million in 2002-2003 and would amount to US\$6405.00 million for the plan period as a whole. The following table gives the projection of merchandise exports by major commodities for 1997-2002.

Showing the Distribution of Merchandise Exports during the Fifth Five Year Plan  
(at 1997-2002) Value in million US\$.

**Table -62 \*83**

| Item   | 1989/90 (Value) | 1994/95 (Value) |
|--|-----------------|-----------------|
| Traditional                                      | 501             | 487             |
| 1. Raw Jute                                      | 125             | 108             |
| 2. Jute Goods                                    | 337             | 325             |
| 3. Tea   | 39              | 54              |
| Non-traditional                                  | 1028            | 2163            |
| 1. Leather                                       | 179             | 182             |
| 2. Frozen food                                   | 138             | 158             |
| 3. Readymade garments                            | 609             | 1480            |
| 4. Fertilizer                                    | 21              | 74              |
| 5. Naphtha                                       | 8               | 7               |
| 6. Furnace Oil                                   | 11              | 0               |
| 7. Bitumen                                       |                 | 3               |
| 8. Newsprint                                     | 3               | 1               |
| 9. Paper   | 1               | 2               |
| 10. Handicrafts                                  | 5               | 8               |
| 11. Specialized Textiles and<br>house hold items | 4               | 25              |
| 12. Hosiery Products                             | 15              | 155             |
| 13. Vegetables                                   | 8               | 14              |
| 14. Tobacco                                      | 1               | 02              |
| 15. Betel Leaves                                 |                 | 03              |
| 16. Others                                       | 25              | 52              |
| Total  | 1529            | 2650            |

## **B) INVESTMENT SUPPORT TO THE EXPORT ORIENTED INDUSTRIES**

- Encouraging export-oriented industries is one of the major objectives of the industrial policy of 1991 and as such government ensures all support and co-operation on priority basis as per export policy. Some of the facilities and incentives offered are as follows:

\*83. Fifth Five-Year Plan-1997-2002.

- Concessionary duty is allowed on the import of capital machinery and spare parts for setting up export-oriented industries. For 100% export oriented industries no import duty is payable.
- Facilities such as special Bonded Warehouse against back-to-back letter of credit of national import duty and non-payment of value added tax (VAT) facilities are available.
- The system for duty drawback is being simplified and concised. The exporter will be able to get back the duty draw back directly from the concern commercial bank.
- Bank loan upto 90% of the value against irrevocable and confirmed letters of credit/sales agreement is available.
- For granting export performance benefit, the list of export products and the rate of XPB is reviewed from time to tome.
- The export-oriented industries are allocated foreign exchange for publicity campaigning and for opening offices abroad.
- The entire export earning from handicrafts and cottage industries are exempted from income tax. In case of all other industries, proportional income tax rebate on export earnings is given between 30 to 100 percent. Those industries, which export 100 percent of their products, are given tax exemption up to 100 percent.
- The facility for importing raw materials is given for manufacturing exportable commodities under control list (CL).
- The local products supplied to local projects against foreign exchange under international tender are treated as indirect exports and the producer is entitled to enjoy all export facilities.
- Export-oriented industries are exempted from paying local taxes (such as municipal tax, etc) \*84

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\*84. Guide to investment in Bangladesh Board of Investment. Prime Minister's Office. August. 1993. P-23



### **C) EXPORT DEVELOPMENT STRATEGY**

The government of Bangladesh formulated, 'Bangladesh Export Development Strategy for 1992-2000, in November 1992. The strategy highlighted the same policy measures, which are briefly illustrated below:

- Removal of Regulatory Constraints: Regulatory and procedural bottlenecks incompatible with the stated objectives of export strategy need to be removed early. Accordingly, urgent studies may be undertaken to identify such bottlenecks/constraints in government agencies and to suggest a practical mechanism for their removal within a reasonable time frame.

- Policy incentives: Progressively, the exporters should be accorded updated policy support comparable with those of other competing countries to enable Bangladeshi exporters to be on a sound footing in the international market attain that goal by-

- (i) Extending free trade status to exporters, as far as practicable by studied extension of special Bonded Warehouse system to manufacturer exporters, extending the duty drawback flat rate system to at least 500 product areas.
- (ii) Facilitating availability of pre-shipment export financing through improved export oriented bank-client relationship within the banking system, and more effective operation of the export credit guarantee insurance scheme.
- (iii) Establishing a mechanism to identify tariff and non-tariff barriers.
- (iv) Promoting investment in the export sector with a view to enhancing value addition in the export product through backward integration.
- (v) Indicating thrust areas in export and devising ways and means for their development.

- Institutional Framework: Export promotion activities and investment in export-oriented industries from the core of the institutional frame work for execution of the export strategy, may improve the services provided in these areas and the following measures may be taken:

(i) Improving the functional efficiency of the Ministry of Commerce, Export Promotion Bureau and related organizations so that they can be more effective in promoting exports and channeling investment export oriented industries.

(ii) At present, export-processing zone (EPZ) is functioning in a limited area. Special economic zones (inclusive of such EPZ) with larger area equipped with all necessary facilities may be established.

(iii) Greater private sector representation at the Board Level of the EPB and other relevant organizations will be authorized.

(iv) The Bangladesh Missions abroad will play much greater responsibility and role to promote exports from Bangladesh to be accredited countries and to this end, the Missions' Commercial Wings will be further strengthened.

- Implementation of an Export Development Programme:

Expanding a country's supply base is central to any Export Strategy. While removal of constraints and improvement in the incentive structure will enhance export performance in the short to medium terms, expansion of production across export industries along with adaptation and development of products to enable such industries to compete in the overseas market constitutes a medium to long-term priority. The export strategy in this regard may include the following:

(i) Establishment of an export promotion scheme provide technical and financial assistance to individual exporting firms for undertaking:

- (a) Product design or redesign
- (b) Product engineering and development
- (c) Market research
- (d) Advertising and promotional campaigns
- (e) Overseas investment in marketing activities
- (f) Sales representatives
- (g) Participation in trade fair and contacting foreign buyers. \*85

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\*85. Bangladesh Export Development Strategy for 2008-2009. Ministry of Commerce. Govt. of the Peoples Republic of Bangladesh. Nov. 1992 P-1, 2, 3, 4.

#### D. EXPORT POLICY;

-The export target for the fiscal year 2008-2009 has been set at US\$ 15565.19 million and the same is for the fiscal 2008-2009 at US\$ 12177.86 million, the target was 14111.88 million US\$ in 2007-2008. The target for 2008-2009 was approximately 2.24% higher than the export earnings of 2007-2008. The present export policy formulates some policy measure. Some important measures are highlighted below.

-Export Incentive: In view of the objectives and strategies of the policy, some new incentives have been provided to the exporters in the export policy of 2008-2009. Besides these, some existing incentives have been made more effective by incorporating modifications and changes in them. The new and the modified incentives are mentioned below:

- (i) Enhancing the annual financial limit for dispatch of export samples abroad.
- (ii) Simplification of imports of capital machinery in respect of export-oriented industries.
- (iii) Duty free import of rawhides and skins.
- (iv) Cash assistance to suppliers of local fabrics to the export-oriented readymade garments industry.
- (v) Assistance in respect of exports of engineering services contact, consultancy services contact and civil construction contract etc. \*86

The detail policy is relevant to the Fifth Five-year Plan, investment policy and Bangladesh export development strategy 2008-2009.

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\*86. Export Policy, 2008-2009, Ministry of Commerce, Govt. of the Peoples Republic of Bangladesh.

## E. EXPORT PROMOTION BUREAU

Many developing countries like Bangladesh have been trying to promote exports through various policies and promotional measure. The export promotion Bureau has been providing assistance in export marketing over the past few years. From the various promotion measures of Export Promotion Bureau, some of them are illustrated below:

**(i) Formulation and implementation of export policy:** The Export Promotion Bureau plays a key role in formulating and implementing the national exports policy. It carries out this task through consultation with the concerned government and private sector agencies including Chambers of Commerce and Industry. Trade Associations and Service Institutions.

**(ii) Product and supply development:** The promotional services in this area are provided through continuing technical advice in value added processing, improved quality control and packaging, post-harvest handling establishment of producer-exporter linkages and improvement of supplies. A number of non-traditional products have already been benefited from such assistance.

The identification of units requiring product development and supply improvement services is generally made by EPB through its own field surveys and on the basis of the feed-back received from Chambers of Commerce and Industry and Trade Associations.

**(iii) Market development and promotion:** To consolidate the gains in already established markets, as well as to make successful ventures in developing new markets, the EPB undertakes the following activities in a regular and systematic way-

Market development/study visits to target markets:

- Buyer-seller meets/contact promotion programmes/single country exhibitions in selected markets.
- Participation in international trade fairs of commercial interest, both general and specialized.
- Organize visits by business delegation.

Every year EPB makes arrangement for participation of Bangladesh in 20-25 international trade fairs, 4-6 buyer seller meets/contact promotion programmes/single country exhibitions, 8-10 market development study missions and 2-4 business delegations in different locations.

**(iv) Export support services:** Export promotion and development largely depends on the provision of adequate and improving support services, and improving support services, and the areas where such services are being provided on a regular basis in Bangladesh are:

**-Trade information:** The EPB through its Trade Information Centre (TIC) is regularly disseminating trade, product and market-related information, as well as the trade enquiries received from abroad, to exporters, business associations, chambers of commerce and industries and to other concerned government and private agencies.

**- Export training:** EPB organizes training events on export development, export marketing, export financing and documentation as well as basic matters like export formalities, international trade fair participation, business communications, etc. under is national export training programme (NETP).

- **Trade facilitation:** The EPB provides personalized services to exporters through its one stop service cell.

- **Export publication and publicity:** EPB produces periodical publications on market and product related matters. In addition, EPB publishes trade information fortnightly on a regular basis.

**V) Functional advisory services:** Bangladesh exporters like exporters in many other developing countries are relatively new to the field of export trade and as such they need advisory services in those functional areas that are technical in nature. The EPB is providing such services in the following functional areas.

- Quality control
- Export packaging
- Freight utilization
- Trade documentation \*87

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\* 87. Handbook for Exporters in Bangladesh, Export Promotion Bureau, Bangladesh January 1990. P-173-178.

## 5.2 SPECIFIC FINDINGS

In the Fourth Five Year Plan, Government has taken specific policy support to the non-traditional item and some selected non-traditional items have been highlighted in the overall planning.

In the face of debilitating raw jute and jute goods trade, the non-traditional exports are expected to sustain their continued upward trend during the plan period. Non-traditional exports are projected to grow at a rapid rate of 10.0 percent during the plan period from \$1.028 million in 2006-2007 to \$ 1,656 million in 2008-2009 \*88.

Readymade Garments, Frozen Food, Leather, Urea, Naphtha, Furnace oil and Bitumen, Newsprint, Vegetables, Betel Leaves, Handicrafts, etc. non-traditional items have taken special position into the plan.

In the present export policy, all non-traditional exportable items have not been given an important position of special consideration. But some non-tradition exportable items, as well as leather and leather goods, readymade garments, shrimps, vegetables, handicrafts derive special and specific policy measures in the policy and remaining all other exportable comprises in general policy measures.

It appears that export trade is a very uncertain type of business activity. It involves more risks compared to other types of business. This naturally makes the commercial banks cautious in granting credit to an export firm as a measure of safety and security for its funds \*89.

In spite of this, the Government of Bangladesh laid significant emphasis on the development of export trade of the country and has taken strong financial policy measures, which are as follows:

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\* 88. Fifth Five-Year Plan 1997-2002 Government of Bangladesh Planning Commission Ministry of Planning.

\*89. Alam Ahmad Fakhru, "Problems of Export Financing" Bureau of Economic Research.

## **A. EXPORT FINANCING:**

**(a) Introduction of Credit Card:** Considering the risk involved in carrying cash foreign exchange/traveler's cheques, the practice issuing credit cards to exporters against the foreign exchange to which they are entitled shall continue.

**(b) Extent of export credit:** Exporters may obtain export credit from commercial banks to the extent of 90 percent of the value of the confirmed and irrevocable L/C or firm sales contract.

**(c) Credit to first time applicants:** Normally, Commercial Banks shall not refuse any application for export credit received for the first time.

**(d) Over-all credit flow to export sector:** Bangladesh Bank shall take appropriate steps to ensure that the normal flow of export credit is maintained. The C.C. limit in the export sector will be determined absolutely on the basis of export performance of the concerned exporter during the preceding year and will not be subjected to any general credit squeeze measures.

**(e) Overdue interest:** No overdue interest shall be charged by any commercial bank if the export is affected under irrevocable and confirmed L/C on the basis of sight payment, that the exporter submits his export documents to his bank in proper form and in time.

**(f) Monitoring of export credit:** A high level committee has been constituted to assess the export credit requirements, review and monitor the flow of export credit and suggest appropriate measures, so that the exporters may obtain adequate credit in time.

**(h) Inland Back-to-Back L/C:** Authorized dealers are permitted to establish an inland back to back L/C in favour of suppliers of locally produced materials on the strength of the original L/C opened by the foreign buyer favouring the exporter. \*90.



## **B. EXPORT CREDIT GUARANTEE SCHEME (ECGS):**

The export Credit Guarantee Scheme became operative in January 1978 \*91. The Sadharan Bima Corporation was entrusted with the implication of the scheme. The corporation established a separate cell called Export Credit Guarantee Wing. \*92 Under this scheme, insurance covers are provided for political risks upto 95 percent and for commercial risks upto 85 percent an all items of export; Cover is also provided to banks in respect of pre-shipment and packing credits are provided to exporters upto 75 percent, which enables the banks to liberalize their credit facilities.

At present, exporters are given three coverages for export credit and to make up for the probable losses on account of external commercial and political risks, under the ECG scheme. These are, export credit guarantee (Pre-Shipment), export credit guarantee (post-shipment) and comprehensive guarantee. Re-vamping of the ECG scheme will continue in order to make the scheme effective tools for the promotion of export trade. \*93.

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\*91. Export Promotion Bureau, Proposal on Export Policy 1980-81, Dhaka, 1990.

\*92. M. Rahmatullah, "Export Credit Insurance in Bangladesh" in Dhaka Export Fair 1981; 6<sup>th</sup> National Export Exposition 1981 & Export Promotion Bureau, Dhaka.

\*93. Export Policy 2008-2009.

### **C. EXPORT PROCESSING ZONE PROGRAMME:**

In order to stimulate rapid economic growth of the country, particularly through industrialization, the government has adopted on 'Open Door Policy' to attract foreign investment to Bangladesh. The Bangladesh Export Processing Zones Authority (BEPZA) is the official organ of the government to promote, attract and facilitate foreign investment in the Export Processing Zones. The primary objective of an EPZ is to provide special areas where potential investors would find a congenial investment climate, free from cumbersome procedures. Two EPZ, one in Chittagong and the other near Dhaka are now operational. Three investment criteria as, 100% Foreign owned including Bangladesh nationals ordinarily resident abroad (Type-A), Joint venture between Foreign and Bangladesh entrepreneurs resident in Bangladesh (Type-B), 100% Bangladesh entrepreneurs in Bangladesh (Type-C). \*94

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\*94. A new Horizon for investors. Bangladesh Export Processing Zone Authority.

**(D) Readymade Garment products:** At present, with a view to encouraging use of local fabrics exporters of readymade garments, garment products and specialized textiles are allowed a cash assistance @ 15% of the FOB value provided that the local suppliers do not avail the facilities of Bonded Warehouse and Duty Drawbacks. Under the present system only the direct exporters can enjoy this facility, but their local fabric suppliers can not. As a result, they are unable to supply their products at reasonable prices. On the other hand, due to recent changes in the tax structure and changes in the prices of raw materials, it has become necessary to readjust the rate of existing cash assistance, which was fixed several years ago.

Moreover, it has become necessary to extend the facility to suppliers of locally made handloom fabrics. Under the circumstances, it is decided to raise the rate of cash assistance to 25% and to extend this benefit to handloom products in addition to those of readymade garments and specialized textiles. Now only the suppliers of local fabrics to export-oriented industries shall become eligible to enjoy this benefit as deemed exporters (indirect exporters) in place of the direct exporters.

### **5.3 SOCIO- ECONOMIC PROGRESS**

The RMG is earning over 79.33% of the nation's total foreign currency. In addition to earning lion's share of the country's total foreign exchange, this sector has brought about a positive transformation in the overall socioeconomic condition of the country. The following highlights the social impact of RMG sector shows how the sector is deeply into rooted into our social stability\*95

#### **A) TOTAL EARNINGS TILL DATE**

Since its inception till date, the industry has earned nearly US\$ 12496.72 billion for the country. The value Addition portion has been about US\$ 8766.37. However, the earning is approximately about four times the investment in the industry. Estimated, present total investment is about US\$ 7110.00 million whereas the earning is about Tk. 80000 crore\*96

## **B) EMPLOYMENT GENERATION**

The RMG industry of Bangladesh has enjoyed a meteoric rise, from less than 50 factories in 1983 to 5400 in May 2012. In the same period, the level of employment has risen from some 10,000 to approximately 3.60 million today, with its share of employment in the manufacturing industry increasing from a mere 2% to 15%. About 80% of the workers are women, constituting almost 70% of all female employment in this nation's manufacturing sector. This has created a vast scope for employment and uplift of the hitherto neglected section of our population, thus radically transforming the socioeconomic condition of the country\*97

Actually, families of about 3.10 million workers depend on this industry. This industry has created a large scale employment scope (About 1.5 million) in the accessory as well as textile sector (Spinning, Weaving, Dyeing, Printing Finishing etc.) of the country. On an average, with an investment of Tk. 1.5 Core, each garment factory is providing employment opportunity for about 550 workers.

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\*95. EPB (Export Promotion Bureau)

\*96. WTO, \*97. BGMEA

### **C) BANKING SECTOR**

The RMG sector has been playing role as one of the main catalysts contributing to the tremendous development of Banking and Insurance sector in our country. Presently, our commercial banks are earning over Tk. 2000 Crore per year from your sector. By now, some bank have increased to even three times the charge in 1985-2010.

### **D) INSURANCE SECTOR**

Insurance companies, even after reducing different rates by about 54%, are presently earning about 12.5% or about Tk. 1800 Crore per year from the RMG industry as various types of premiums for insurance policies.

### **E) SHIPPING BUSINESS**

The manifold increase in the shipping business in Bangladesh including setting up of a several container yards (including an Inland Container Yard at Dhaka by the Bangladesh Railway), expanding the port facilities to handle large containers, introducing special container-carrying-trains, and the increasing of cargo handling and storage facilities at the Dhaka International Airport have also been due to the garment Industry. The RMG sector pays US\$ 65 million (About 374 crore taka) to the Shipping business\*98.

### **F) C&F BUSINESS**

The unprecedented increase in the C & F and Stevedoring business in because of the huge import of garment raw materials & export of ready-made garments. On average, they earn 1% on all exports and import which amounts to nearly TK. 230 Croes per annum.

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\*98. Bangladesh Shippers Council

### **G) TAX ON EXPORT EARNINGS**

As source tax only, presently the RMG industry is paying over Tk. 40 Core.

### **H) POPULATION CONTROL**

With the opportunity of earning more, they now want to enjoy their lives. This need is helping girl avoid early marriage and frequent pregnancy. It is contributing of the birth control program of our country also. From 1985-86 till date, the country has been saved from a burden of at least 8 million new mouths to feed.

### **I) WOMEN EMANCIPATION AND SOCIAL TRANSFORMATION**

The industry is helping women emancipation and empowerment. The women workers, if enter this sector then continue to stay because of the very working condition congenial for them. They are enjoying recognition and dignity in the society. This sector helps approach social equilibrium between men and women. Having the capability of earning, girls / women are well treated by their families. They are no longer any burden to their families\*99.

### **J) LINKAGE INDUSTRIES**

Prospect for a huge textile industry capable to supply over 3 billion yards of fabrics a year to the export oriented garment industry has also been developed by the industry.

A large number of ancillary industries have been emerged and growing keeping pace with the industry as well. Estimate shows that about 80% of garment accessories like cartons, threads, buttons, labels, poly bags, gum tapes, shirt boards, neck boards etc. are now being produced in our country. Contributing to the national GDP. It is creating further employment opportunities in the country also. Approximately, this sector is earning about Tk. 2000 Crore from the RMG industry\*100

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\*99. WTO, \*100.EPB

## **K) WASTE RECYCLING INDUSTRY**

About 0.2 million people are engaged in waste (Mainly, the waste cut pieces of fabrics) recycling industry. With these wastes, they are stuffing toys, pillows, quilts, cushions etc. and earning about Tk. 1500-2000 per month. It means, on an average, at present, they are earning about Tk. 30-40 Core per year. L) EMERGING CONSUMERS' MARKET

The 1.4 million workers in the industry are appearing in the consumers' market with a demand worth US\$ 1.59 million (Tk. 7 crore). An increasing demand for moderate cost cosmetics, saree, footwear, fast food and other consumer products is also a direct result of about 1 million new consumer's entering into the market with new living standard backed by increasing purchasing power.

For food (Mainly fast-food items), they are affording about US\$ 0.61 million (Tk. 2.80 Crore) per day. About 0.7 Million workers are spending about US\$ 0.02 million (Tk. 7 Lac) for conveyance per day. With the expansion of the industry, this consumers' market is expanding at the rate of 20% per annum.

## **L) UTILITY SERVICE**

Credit of manifold increase in the revenue of utility services also goes to this industry to a great extent. For example, this sector is paying on an average US\$ 2.26 million (Tk. 10.40 Crore, @ Tk. Tk. 40,000 per factor) per month.

## **M) TRANSPORT**

The road transport business has also been expanded because the lion's share of cargo, moving between Dhaka-Chittagong and Dhaka-Benapole by road, is on account of the garment sector. Those who once started transportation business with rented trucks, many of them by now are the proud owners of even 10/12 trucks. As a result, this sector's contribution to the GDP stands at about 12% which is in excess of the GDP of the Industry sector\*101.

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\*101.WTO



## **N) HOTEL AND TOURISM**

About 1000-1500 overseas apparel buyers and their representatives visit Bangladesh each year to meet the local manufactures and exporters. Taking an average stay of three days and spending approximately US\$ 500 per day, this sector earns about Tk. 11 cores annually.

## **O) REAL ESTATE**

Demand for real estate development generated by the garment industry to accommodate offices and factories of over 4740 garments units has given a boost to the construction industry. Approximately, 13 million sqft. of real estate have been constructed at an average rate of Tk. 3000 per sqft. which has generated Tk. 142,20,000 crores of business for the Construction Industry.

The ental income of app. Tk. 8 crores per month is earned by the land lords. About 26,000 mid-level managers in the industry have been renting 26,000 posh housing accommodations in Dhaka and Chittagong. Moreover, one study shows that real estate industry could now look forward to launching prospective housing project feasible and viable in both financial and social terms for about one million single women working in garment industry. The 1.4 million workers are spending about US\$ 0.30 million (Tk. 1.4 crore) as mess rental per month\*102.

## **P) FURTHER INDUSTRIALIZATION**

The industry has proved itself to be the most prospective industry for a country like Bangladesh which is endowed with the huge cost-effective labour force. Moreover, it has further emerged to be the most sound base for the heavy industries. As the stock market has collapsed, RMD is now the only base for further industrialization in the country.

## **Q) CHILD LABOUR ELIMINATION AND EDUCATION TO THE RELEASED UNDER AGE WORKERS.**

Today, thanks to the wide media coverage received by the famous Harkin's Bill, a general awareness about and appreciation of the noble aim and object of the Bill has been created among the members of the BGMEA. Each and every Bangladeshi garments exporter is convinced that child labour is indeed "Abusive and Exploitative" And as proof of that consciousness RMG units, with the cooperation of the ILO, UNICEF, the Govt. of Bangladesh and Active guidance of the US Mission in Dhaka, managed to sign on the 4<sup>th</sup> of July, 1995 a historic document known as the Memorandum of Understanding (MoU) on the elimination of child labour from the garment sector of Bangladesh.

Following implementation of that MoU, in both letter and spirit, the entire garment sector of Bangladesh has been declared child labour free with effect from October 31, 1996. Although the level of implementation is estimated by ILO at 95 percent, that should be considered a remarkable degree of implementation of the MoU in the socioeconomic realities of the country.

The implementation of the MoU should near its end in 1998 with more that 8000 child workers attending 350 schools set up for them. The manner of implementation of the MoU has been lauded around the world as a unique example of cooperation between the RMG units, international agencies, with continued support of the Govt. of Bangladesh, an the US Government through its local mission and the Department of Labor, This RMG industry's pioneering model for elimination of child labour is now being replicated in many other countries. Pakistan is trying to adopt it in its seccer ball industry. Other countries of the world also have been studying the model for adoption in their respective industries, both formal and informal\*81.

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\*81. ILO

## R) CONTAINER HANDLING IN CHITTAGONG PORT

Accordinging figures from Chittagong port, a total of 488,000 containers both import and export containers were handled in Chittagong port in 2003, of which 54 and 74 percent respectively contained garment products.

|   |   |          |
|---|---|----------|
| No. of 20' container imported in 2003         | : | 2,99,000 |
| <b>(Of which 54% is of RMG inputs)</b>        |   |          |
| No. of 20' container exported in 2003         | : | 1,89,000 |
| <b>(Of which 70% is of RMG products) *82.</b> |   |          |

## S) Inland Transport Communication

According to Figures from Truck and Covered Van owners associations in 2003

|  |   |               |
|--|---|---------------|
| No. of covered van engaged in RMG sector | : | 4,000         |
| Number of Truck engaged in RMG sector    | : | 6,000         |
| Employee                                 | : | 50,000        |
| Investment                               | : | Tk. 250 Crore |
| Annual income from RMG sector            | : | Tk. 60 Crore  |

## T) Buying House

|                        |   |      |
|------------------------|---|------|
| Number of Buying House | : | 1000 |
| Employee               | : | 8000 |

#### U) Corrugated Carton Industry

|   |   |                 |
|---|---|-----------------|
| Number of Factory                       | : | 615             |
| Employee                                | : | 1,00,000        |
| Investment                              | : | Tk. 2000 Crore  |
| Annual export earning in the year 2003: |   | Tk. 5000 crore. |

#### V) Sewing Thread Industry

|                   |   |               |
|-------------------|---|---------------|
| Number of Factory | : | 100           |
| Employee          | : | 1,00,000      |
| Investment        | : | Tk. 330 Crore |

#### W) Embroidery Manufacturing and Exporting

|                   |   |               |
|-------------------|---|---------------|
| Number of Factory | : | 165           |
| Employee          | : | 2 Lacs        |
| Investment        | : | Tk. 200 Crore |

#### X) INVOLVEMENT OF TEXTILES SUB-SECTOR WITH RMG

The following figures show how the textile sub sector, depending on the RMG, contributing to the economy of Bangladesh\*83.

##### Textile Spinning

|                            |   |  |
|----------------------------|---|--|
| No. of unit                | : | Private sector: 176, Public sector: 26 |
| Installed capacity         | : | 43,34,796 Spindles                     |
| Annual production capacity | : | 5,00,00,000 kgs Yarn                   |
| Employee                   | : | 1,25,000                               |

**Woven Fabrics**

|  |               |
|--|---------------|
| Large Weaving and Weaving Dyeing Composite Mill: | 278           |
| Specialized Power Loom unit                      | : 1065        |
| No. of Shuttleless Loom                          | : 6880        |
| No. of Shuttle Loom                              | : 13300       |
| Annual Production Capacity                       | : 652,000,000 |
| mtrs.  |               |

**No. of Knitting & Knit Dyeing unit** : 446

|                            |                 |
|----------------------------|-----------------|
| No. of Kitting Machine     | : 8012          |
| Annual production Capacity | : 1,370,000,000 |
| mtrs.                      |                 |
| Employee                   | : 66,000        |

**Fabric Processing \*84.**

|  |               |
|--|---------------|
| No of Merchandized Dyeing & Finishing      | : 115         |
| Annual Production capacity                 | : 847,350,000 |
| mtrs.                                      |               |
| No of semi-Merchandized Dyeing & Finishing | : 176         |
| Annual Production capacity                 | : 106,740,000 |
| mtrs.                                      |               |
| Employee                                   | : 23000       |

## **5.4 DIFFERANT STEPS TO BE TAKEN**

### **A) BANKING SECTOR ANOMALIES AND PROPOSED SOLUTIONS**

Our banking sector, which once played a very positive role behind the development of this sector, based on the bank-clients relationship, however, this relationship has been strained due to the creation of forced loans / demand loans as a result of non-shipment of goods during the period of political impasse in 1995/96. The creation of demand loans/forced loans and their subsequent classification as bad loans resulted in a strained relationship whereby clients were refused to open Back-to-Back L/C facilities inspite of them having the ability to secure export orders and to execute them.

The RMG sector has been playing role as one of the main catalysts contributing to the tremendous development of Banking and Insurance sector in our country. While foreign banks, under different heads, charge only 0.25% for first 50000 dollars + 0.125% for whatever amount rest, our banks charge from 10-22% straight. Presently, our commercial banks are earning over Tk. 2000 Crore per year from RMG sector. By now, some bank charge have increased to even three times the charges in 1985.

The apex body of garments manufactures and exporters, BGMEA, has proposed a 25-point proposal to help resolve the prevailing banking and financial problems. This has been communicated to the relevant authorities of the Government for necessary action.

The ready-made garment sector of Bangladesh is facing serious problems is sustaining its competitiveness in the global market owing to the anomalies and irregularities in the banking sector. If the government would not take realistic initiatives for implementing those demands, serious consequences will damage the national economy.

Due to the last no-cooperation movement and impasse at the port in 2012, about 300 factories are bearing forced loans for over Tk. 600 Crore. These factories are even held defaulters though the were not responsible at all for the political crisis. Banks are to opening L/Cs with them. It is other's burden we are bearing.

Segregating the forced loans, created due to political unrest, may be converted into Block Accounts and adjusted against future export earnings. Banks should be advised to open L/Cs with them in regular manner. Otherwise, being able to export US\$ 300 million per annum now, those factories will be forced to be out of business.

To help solve the banking sector problems, the 25-point charter of demand adopted in the meeting suggests:

01. Requirement of obtaining approval from Bangladesh Bank for creating Forced/Demand Loan by the lien banks should also be withdrawn.
02. Back-to-Back P.A.D / Forced Loans should not be considered as default loans. Loans of this nature should be converted into interest free block Accounts and amortized against future export proceeds.
03. The overdue F.B.P. created against the liability of any L/C should also not be considered as default loans.
04. Exporters failing to clear the liabilities in case of Back-to-Back P.A.D / Forced Loans, overdue F.B.P. etc. should be allowed to open L/Cs.
05. Factories should not be denied by their lien bank to open BBL/C even congestion etc.
06. Bangladesh Bank should provide the Lien Banks with adequate funds for necessary payment of cash incentives to our exporters without delay.
07. Mandatory compulsions set forth in the ECG policy should be waived.
08. Procedure of obtaining prior permission from Bangladesh bank for exporting goods against stock-lot should withdraw.
09. Negotiating Bank should be authorized to take into consideration for deciding upon discount up to 20%.
10. Condition for obtaining approval for discount from the Bangladesh Bank should be relaxed and discount approved by the EPB should be treated valid.

11. From the date of documents negotiation, 45 days should be allowed for fund remittance. Overdue interest should not be charged in the event if remittance is delayed.
12. All private sector commercial banks should immediately cease charging L/C Acceptance charges like the Nationalized Banks of the Country.
13. Fresh laws should be enacted announcing that the Banking Companies Act passed by the Jatio Shangshad (the Parliament of the country) on 13 March 1997 is not applicable to the export-oriented Readymade Garment Sector of the country.
14. Procedure of making down payment for rescheduling loans should be withdrawn. It should be rescheduled in accordance with the applications, when submitted, by the exporters concerned. In such cases, the rescheduled amount may be adjusted by charging @ 2% on the future export proceeds. Legal action may be taken in case any of the exporters fail to adjust the dues after three consecutive rescheduling.
15. In case of Stock-lot, the requirement for submitting statement by the commercial banks to the NBR should be waived.
16. Readymade garments exports should not be held responsible if proceeds against their export are not realised owing to the reasons beyond their control.
17. A separate bank for the garments sector should be set up in view of the fact that the Commercial Banks of the country have failed to render required customised services instrumental to the smooth operations in our highest foreign currency earning readymade garments industry.

To streamline the banking related irregularities and help foster export business for the RMG sector, this bank is necessary, the specialized bank will design its services reflecting the necessity of this export-oriented industry.

In the interest of export-oriented garment industry and the national economy, a separate export bank should be set up immediately.



Opening of L/C based on Realisation Clause should be re-introduced. On May 9, 1998, at a meeting organised by the Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) to address the banking sector formalities hampering the business, especially in export trades, the representatives of the export sectors alleged that they were not getting necessary support from the banks in industrial financing and export.

## **B) Political Environment**

Due to the last non-cooperation movement in 1995-2012 the industry suffered a loss of about Tk. 14500 Crore and about 1300 factories fell victim to bear forced loans of over Tk. 600 Crore. Due to hartal and other such political programs, in the ready-made garment industry, problems like order cancellation and stocklot situation arose. Banks started showing their reluctance to open L/Cs. Ultimately, affected factories appear on the verge of winding up / bankruptcy. Export oriented garment industry bears production loss equivalent to Tk. 160-190 Crore per hour.

During the last seventeen years, we have had about 300 working days of hartal. In the interest 3.60 million workers and owners of over 5400 garment factories, the political differences should be solved politically in the parliament. Consensus between the government and opposition party is necessary that all export oriented industries, specially the RMG industry, should not be affected in any way. Government should maintain conducive environment and at the same time opposition party should keep the garment industry outside the purview of any political program.

Support and voice from all political parties those are not in the Parliament are also necessary in drawing governments attention toward providing policy supports to help find solutions to those problems and winning support from the opposition for the same. Unified tone of all these political parties would help develop national consensus relating to solving political differences between the government and the opposition within the Parliament.

### **C) TAXES ON EXPORT EARNINGS**

The tax burden on export oriented garment sector is reducing competitiveness of Bangladesh readymade garments in the international market against products from competing countries.

With other incentives for aggressive marketing several countries including out neighboring one are totally exempting their export sectors, including RMG, from all export taxes to help supplement their competitiveness and boost up exports in the international market. Though included in the 96-97 "Export Policy," export oriented RMG industry has not yet been brought of the purview of taxation

While the globe is in the transition from MFA to GATT, the industry must not fall behind in competition. The industry has got to take its best lead before the racers are on the track in full pace. Otherwise, it will find no way to recover.

### **D) TAX AT SOURCE**

As source tax only, presently the industry is paying about Tk. 40 crore. Submitting the Tax Return, We are entitled to get back the balance from this Tax-at source. But, we are not only being charged this tax, injurious to our overseas competitiveness, but also being denied of gets in back the balance.

All taxes including 0.25% Tax-at-source on export earning of export oriented RMG sector should be waived immediately so as to generate funds for working capital.

### **E) VAT**

Although all exporters are registered as zero rated, it is impractical to charge VAT on C & F commissions, issuance premiums, telephone bills etc. As all these charges are refundable upon submission of returns, but in reality, it is a far cry.

The 100% export oriented garment industry should be exempted from VAT on all services / the National Board of Revenue (NBR) should issue supplies and an exemption certificate to this effect.

#### **F) TAX HOLIDAY**

The tax Holiday period should be extended from 5 years to 10 years to help generate capital formation for further industrialization's.

#### **G) PORT CRISIS**

Due to political unrest and undue interest of a section of the dock labourers, the Chittagong Port, through which about 80% of our export import takes place, remained closed for about 50 days during the last seventeen years. Go-slow and congestion are chronic crises.

The raw materials we import, say, within 7 days, take more 15 days to reach our warehouses from the Chittagong port. About 54 formalities (with miscellaneous expenditure) we have to observe to release a shipment of raw materials. These are increasing our lead-time also as compared to our competitors. As our export is expanding, within 3/4 years we will be able to double our export volume. When our present handling equipment are even insufficient, how we will be able to handle the huge volume in the near future if we do not take appropriate measures now? The port should be equipped with modern handling equipment. We should start setting up new jetties right now. An average size jetty takes about 4 years to be set up.

The port is taken hostage by a handful of people for their interest, posing serious threats to the export trade of the country. Our government should play more strong role to address the port crises. Handing over port activities to the private sector enterprises perhaps can ensure a sustainable solution. Handling equipment at the port and ICD should also be increased to cope with the galloping volume of export import business of the garment industry and other export oriented industries.

The miscreants responsible for closure of the ports should be identified and dealt with as per the law of the country. All the ports of the country should be kept open round the clock to facilitate export of readymade garments and import of raw-materials for our garments factories.

To help foster export import business Green Channel system should be introduced. This will help reduce our time also.

#### **H) ELECTRICITY CRISIS**

For over last last nearly 2 years, electricity crisis has been, better to say, at its peak during the last one-decade or more. In a survey in the RMG sector in May 2008, it appeared that in Jan-May' 2008, the RMG sector already suffered a loss worth about Tk. 1700 Crore. This appeared to be about 40% of the loss the RMG sector had suffered that in Jan-May' 2008 political impasse and port-cease, which was worth about Tk 4500 Crore. Presently, on an average, we are losing production worth about US\$ 1.6 million per day (or, US\$ 46.4 million per month and US\$ 561.6 million per year) just owing to the electricity crisis only. For obvious reasons, its chain-effect is more serious.

#### **I) AGGRESSIVE CURRENCY ADJUSTMENT BY COMPETING COUNTRIES**

When Bangladesh's competing countries have been adjusting downwards their Currencies ranging from 25 percent to even 550 percent, downward adjustment Of Taka has become imperative.

Considering the currency devaluation by the competing countries like Indonesia, Thailand, Korea, Philippines, India, Pakistan, Sri Lanka etc., to successfully pursue the export-led growth, our government should have strategy to increase the country external competitiveness.

Against the aggressive currency devaluation by our competing countries, our real trade weighted effective exchange rate is still insufficient to maintain competitiveness vis-a-vis our neighbours and potential competitors in the export markets. It should be properly adjusted. We can not back step from steadily adjusting our currency observing the strategy our competitors are offering. However, we are ready to weigh any solution, alternative to devaluation, which experts think may fit best to make our exporters competitive in the international market.

#### **J) VALUE ADDITION CRITERIA**

Just because of the rigidity in Value Addition Criteria, we are failing to enter the international markets for high value items. For example, the margin that we could retain producing one gown may not be secured producing even 10 basic shirts. We had potential but because of our value addition rigidity we are losing huge amount of foreign currency. Besides earning foreign currency for the Nation relaxing this Criteria could help develop the skill of our workforce one of the most valuable resources of the country.

#### **K) FOREIGN DIRECT INVESTMENT**

It has duly been resolved by the proper authority that Board of Investment (BoI) would not approve any Foreign Direct Investment (FDI) proposal in the RMG sector without recommendations from BGMEA.

Any further foreign investment in the garment industry should be stopped in light of low technology transfer, besides these units would be a direct competitor to the existing ones.

#### **L) LAW AND ORDER SITUATION**

Sound law and order situation and congenial political environment are prerequisites for development. Due to lack of it, interest of both the employers and the employees are being affected. Amendment to the age-old Factories' Act and enactment of some new legislations revising the current situations are essential

## **M) PRODUCT AND MARKET DIVERSIFICATION**

In order to expand the market share and survive in the up coming free global competition in the international market, product diversification appears to be an indispensable strategy. The more filled and stretched is the product line and range, the better is the competitive strength. As for our access to markets, efforts are being made to enter Japan and other markets, however, presently we are mainly depended on US and EU markets. We know that if we put all our eggs in one basket, our risk is the highest. We can reduce the risk putting the eggs in several baskets. We know, when GSP crisis arose — our whole EU market was disturbed, when quota matters created a problem – we had to give extra efforts to sustain our export earnings from falling. EU shares our 50% and US shares over 40% of our RMG exports. The above statistics will justify further market diversification. Regular support service for product and market diversification needs to be designed and provided. Technical Experts should be hired from abroad in this connection. Government, International Agencies like World Bank, IMF, UNDP, WTO etc. should be forthcoming to assist the RMG industry.

## **N) ALTERNATIVE CASH ASSISTANCE & EXPORT PERFORMANCE BENEFIT**

Disbursement of alternative cash assistance has increased recently. This should not be a cause of alarm, rather stringent measures to ensure that genuine users of local yarn are being benefited should be put in place.

Till date, not even 15 percent of the yarn and fabric demand in the RMG industry is being met from local sources. Hence the Alternative Cash Assistance scheme deserves to be continued until the industry achieves a sustainable development in the backward-linkage industrialization.

In the past, the Alternative Cash Assistance used to be given to the garment manufacturers and exporters to help increase the garment exports. But, since early 90s that has been given to the local fabric producers to encourage direct export or use of local yarn fabrics in the RMG industry. Appreciating Government's gesture toward the local yarn and fabric manufacturers our observation is that the garment

manufacturers, our observation is that the garment manufacturers and exporters are the ultimate exporters of the local yarn and fabrics under the same scheme as in the past, the ultimate objective of this scheme would be achieved even further by the usage of more local yarn and fabrics.

While all transaction costs and overhead have increased considerable, the garment manufacturers and exporters are still buying local fabrics and yarn at higher prices as compared to the prices of imported fabrics/yarns. In the international market, we are losing our markets to our competitors who besides enjoying several export benefits even enjoy tax-free status for their all export incomes.

Moreover, in the past, the Export Performance Benefit (XPB) used to be provided to the RMG manufacturers and exporters to encourage export earnings. Presently in the international market, competition has been intensified due to the entry of new competitors.

Without such benefit scheme, garment manufacturers and exporters of Bangladesh are losing their competitiveness in the international market. To maximize the competitive edge at least 10%, "Export Performance Benefit" should be reintroduced.

#### **O) REPRESENTATIVES OF BGMEA IN THE NATIONALISED COMMERCIAL BANKS**

BGMEA is the single largest trade body in the country and its members have been contributing in the national economy as the largest foreign currency earner and highest employment opportunity offered but this organisation has no representation in the Nationalized Banks to look into the betterment of banking services for the industry, analysing the proper nature of this export trade.

Representatives from BGMEA should be included in the Board of Directors of Nationalised Banks and the Bangladesh Bank. This would help would the deferent baking problems faced by the garment industry and thus help the economy in a positive manner.

#### **P) EPZ FACILITIES FOR THE RMG INDUSTRY**

Under bonded warehouse system, every export garment industry is an EPZ but factories in the EPZ enjoy more benefits than those that are out side the EPZ. Inner in Japan, all export-oriented factories enjoy such benefits.

To eliminate this inequity, export oriented garment units outside the EPZ should also be provided with benefits like those that the industries in the EPZ are enjoying.

#### **Q) GARMENT VILLAGE**

To help reduce the environment pollution in the city and provide garment workers with adequate residence facilities, garment factories need to be shifted to the outskirts of the city.

Immediately the Government's "khas (own)" lands besides Dhaka-Chittagong highway may be allocated for setting up garment villages to accommodate the workers of the export oriented garment industry and to reduce the pressure on the environment of the city.

#### **R) ROAD AND RAILWAY COMMUNICATION**

The standard of customs service has been improved a lot. Still there in scope for its further development up to the international level.

Responding to the demand of the time, the customs service should be computerized, specially for services relating to export-import activities.

#### **S) PRIVATISING EPB ACTIVITIES**

Export-led development has become imperative to survive in the changed environment of the world economy. To respond to the demand of the hour, establishment of a Private Export Promotion Bureau has also become imperative. As an alternative, EPB activities relating to quota matters should be handed over the BGMEA in view of the recent GSP & CO bungling by the corrupt EPB officials.



## **T) BUREAUCRACY**

Bureaucracy is deep-rooted. However, for several years now, we the garment factory owners have been pleading for the setting up of Apparel Board to dynamic. This has become most necessary.

## **U) CABINET COMMITTEE**

A cabinet committee headed by the Hon'ble Prime Minister of the country should be formed which will meet every three months to solve the exporters problems especially the problems of the exporters of readymade garments.

## **5.5 SUMMARY OF THE FINDINGS**

Summary of some important findings of the present study may be highlighted in the following way:

From the past Bangladesh has been experiencing that it import expenditure is much more than it export earnings. The excess bill of import expenditure has been met up by loan, aid and grant from abroad and the same assistance has already been used in import bill and capital investment in the country. The export earning during 2007-2008 was 14111.88 million US\$ which shows that export earnings covered 70.09% of the import bill. During 2006-2007 and 2007-2008 export earnings covered 69.07% and 70.09% and 70.09% of import bill respectively. The export earning during 2008-2009 was 12347.77 million US\$ showing an increase of 562 million US\$ i.e. 9.38% as compared to preceding year.

Among the principal items there has been increase in the export earnings during they year 2007-2008 under review in respect of readymade garments (8.82%).

The export earning from traditional and non-traditional items amounted to US\$ 320.12 (5.35%) and 5665.97 (95.05%) million during 2007-2008. The export earnings from traditional items amounted to US\$ 354.47 million (5.42%) and that of non-traditional items stood at US\$ 6193.97 million (94.59%) during 2008-2009 as compared to 20.62% for traditional and 79.38% for non-traditional items respectively

in 2008-2009. Overall export during 2007-2008 in dollar terms increased by about 19.51% as compared to the preceding year.

### **RMG Products:**

1. The RMG industry in Bangladesh has been growing at a rapid rate since 1990. Textile and garment units relevantly play a very significant role in the industrialization process of the country. The pattern of RMG product in international market is extremely entangled and as such is not comparable to any other export oriented industry of the country. The basic raw materials of the items are yarn, fabrics and accessories used in cutting and making the RMG products, which are also 100% import oriented. Somewhere local accessories have been used in making the garment products.
2. The RMG industry is comprised of domestic and export oriented ones. There are about 5150 export oriented RMG manufacturing units in Bangladesh. Export Promotion bureau reveals the name of 5150 units which have 3450 operational units and they are involved in 100% export operation.
3. As a labour intensive industry almost all export oriented manufacturers and exporters use sewing and cutting machinery with traditional techniques. Recently, 100% export oriented hosiery enterprises have introduced modern machinery from abroad and latest production methods.
4. The total capital investment in the interviewed garment units reached taka 23.5 crores by the end of the study period. The contribution of the total investment was 43.62% from shareholder and 56.38% from bank loan. In respect of organizational pattern, all interviewed units are private limited company.
5. As early in 2008-2009 the RMG production capacity of export oriented woven, knit & sweater industries were 167.21 million dz and actual production was 152.01 dz which is 90.96% of the capacity.

6. As garment products, the main exported item is Shirt, Pant, Jacket, Trouser, T-Shirt & Polo shirts which has contributed 4912.09 million dollars and 75.01% of the total export earning. The export earning during 2008-2009 was 6548.44 million US\$ showing an increase of 562.35 million US\$ i.e. 8.58% as compared to preceding year.
7. At the initial stage of the industry, manufacturers and exporters concentrated in marketing their products to the USA. As a result, during the fiscal year 1983-84, the USA had 8% of our total garment export share over the years, due to the dynamism of our enterprises, Bangladeshi product base was significantly diversified and our export earnings started increasing at a very fast pace. The diversification was under taken in different product groups as well as markets, which, in the recent year, resulted in Bangladeshi penetration into the European market in a substantial way. At present, the substantial growth of garment products in USA market share is 41.86%, UK 26.34%, Netherlands 5.46%, France 8.70%, Italy 15.93% and Canada 4.52% of total RMG export in 2007-2008 respectively.
8. There are about 50 garment importing countries in the world. Bangladesh was found to be involved with the export of RMG products to 42 countries in 2008-2009. Among the major markets the 100% respondents exported their items in USA, UK, Canada and France, 75% respondents exported in Germany, Netherlands, Belgium and 50% in Sweden and Russia. The major eight countries were found to buy about 91.08% of the total export garment products from Bangladesh.
9. The export of garment products in terms of value showed a gradually rising trend during the period of 2000-2001 to 2001-2002. Although the export of garment products started from 1983-84, but during the period of 1990-1995 the export of the item has been performed and the export performance of this item started improving significantly during the decade of late 1990. Bangladesh exported garment products in 1983-1984 amounting 269.56 million dollar and the amount rose and reached to 12347.77 million dollar in 2008-2009.

10. The market share of Bangladesh in the global garment market has been increasing gradually. The world market share of garment products of Bangladesh was 2.68% in 2006-2007. It came up to 4.0% in 2008-2009. The demand for garment products in the world market has been increasing gradually due to growing world population and changing fashion.
11. The major competitors of the garment products in the world market are Asian countries. The sample survey reveals that 100% respondents reported that **India** and **Pakistan** are the main competitors, and 75% views that **China, Sri Lanka, Hong Kong** are their competitors, and 50% reported that **Malaysia** and **Vietnam, Cambodia** are the competitors of **Bangladesh**.
12. Most of the garment products importing countries are very much conscious of product quality and price. Generalized system of preferences (GSP) and quota system of USA & EU have already been facilitated to the RMG export in international market and also Bangladesh is facilitated by these countries.
13. The Govt. of Bangladesh has taken some policy measures for encouraging RMG export. The important measures are back-to-back L/C with bonded warehouse facility, duty draw back facility, and tax holiday for special area, concessional rate of interest to finance and specialize EPZ facilities. The EPZ export performance of garment products showed an encouraging trend during 2008-2009. Among the
14. garment units in Dhaka and Chittagong EPZ, 6 units are operational and export percentage rose to 24.38% in 2008-2009 than 2007-2008.
15. The respondent used various sources of information to ascertain the export market potential and importer abroad. The sources are Export Promotion Bureau, direct mailing contact, buying house (agent), trade fair and trade publications. The respondent attempted to take measures for promoting overseas market by foreign and local agent, export fair, visit and direct contact, etc.
16. The export of garment products from Bangladesh has been facing many other problems. The important problems are imported raw materials and accessories,

inefficient management and initiative imported machineries, technical inefficiency and the paucity of finance. Uruguay Round of Negotiation will create long term problem and uncertainty in garment products in international market.

17. To expand the RMG export of Bangladesh, formulated long term furnished planning and developing backward industrial sector are essential. Bangladesh may be worthwhile to increase the productivity of quality fabric and RMG products. The all other relevant problems of the garment exports must be solved as early as possible. The product diversification with accessories and sound promotional measures for untapped market need to take action for better prospect.

## **CHAPTER 6**

### **CONCLUSIONS AND RECOMMENDATIONS**

#### **6.1 CONCLUSIONS**

After analyzing and evaluating the past and present performance, trends, problems and the potential prospects of RMG products it may be safely said that Bangladesh has vast opportunity in the various overseas markets.

There is wide scope for increasing export earning from RMG of Bangladesh. To reduce the cost of finished garment and increase the production of finished RMG, steps need to be taken to set up backward linkage industries to ensure supply of necessary fabrics and other inputs to the fabric and raw materials industries. The export of garment products from Bangladesh requires advanced production machinery and technology for competitive and better quality. Steps need to be taken to provide necessary credit for setting up industrial units for finished products and to undertake marketing efforts for such products. The RMG market of EU has affected the country's declining economic and political situation. Bangladesh can follow the wave of EU and take the opportunity from European market through skillful promotional measures and better quality. The garment products of Bangladesh have already been facilitated by GSP, which has been introduced by the industrially advanced countries in order to help industrialization, economic growth and export development of the least developed and developing countries. In fact, the garment products export units have been facing infrastructural and operational problems, which are essential to overcome for smooth conducting of the unit. The export-processing zone needs to take wide action program and to increase the garment products manufacturing units with foreign, joint and local investment.

In order to take the advantage of demand for garment products in overseas markets, a drastic program need to be taken for quickening the process for augmenting export of garment products from Bangladesh. The backward linkage industrial units are to be ensured for supply of necessary fabrics, accessories and other inputs for manufacturing RMG products. Facilities need to be ensured for the production of

yarn in the local spinning mills for the supply of quality fabrics to the RMG units. Moreover, steps need to be taken for producing quality fabric in the mills under BTMC for the RMG units. The internal cotton cultivation area may be expanded through systematic planning and developing infrastructure facilities. These actions can ensure the long-term prospect of the garment products in the world market. Government and private initiative can implement these well through action programs for long wave of RMG products. The garment units have already been facilitated by GSP in 27 countries and quota condition in USA, which need to be continued so long for strengthening our infrastructure strength. Moreover, there are some direct and indirect relevant problems of garment products either in internal or international market, which have been faced by the exporters. It is essential to devise ways and means to overcome those limitations for smooth running of the units. However, EEC, USA and Canada are the present wide markets of garment products, but plan needs to be formulated into the prospective untapped market through skillful promotional measures.

## **6.2 RECOMMENDATIONS**

For increasing export or meeting the prospective world market demand and severe competition in world market some recommendations are furnished below:

1. As a precautionary measurement and for facing stern competition in open market in future decades, Govt. should encourage cultivation of cotton, quality yarn and fabric production, and relatively many other textile and spinning mills should be established either in public sector or private sector.
2. All imported items including accessories should be produced in the country and relevant opportunities and facilities should be reasonable and available for better prospect of the nation. Moreover, back up industrial development is essential for long prospect i.e. indigenous indispensable in this concern.
3. To overcome the traditional backward linkage of the hosiery units modernization is essential and technical know-how needs to develop.
4. Most of all sample exporters should be encouraged to deal directly with foreign buyers. They need to have exposures in the market place. They need to gain experience in dealing with buyers.

5. The exporters need experience in collecting information about current and potential markets, and in designing and making sample garments to suit the demand. They also need to make contacts and gain experience with the source of quality fabrics.
6. Various types of skilled manpower needed for this section are abundantly available in this country. A training institution should be established and an expert or experts in factory layout should be introduced. Cutting, operating, making, quality control and supervising should be developed.
7. To overcome some of the problems of importing the dyestuffs and chemicals, we recommend that a central bonded warehouse should be set up so that stocks of these items, e.g. acid, caustic soda, detergents, softeners, as well as frequently used dyestuff, may be easily, available in Bangladesh.
8. Shipping documentation formalities should be reduced and available shipping space is desired to exporter. L/S and other financial matters along with the present customs procedures may be dovetailed into the overall proposal.
9. Restriction on importing the spares should be reviewed. Duty should also be removed the allow this critical sector to operate efficiently.
10. New export oriented knit garments should be established and the investor should come in this field vigorously. Foreign investment should be invited for joint venture and individual investment and govt. should facilitate them in all respect, either in EPZ area or all over the country.

Manufacturers of flatbed garments should be encouraged to move up market and eventually aim at using higher quality raw materials in garments style to suit the sophisticated West European and Japanese market.



## APPENDIX

### APPENDIX – 1

#### QUESTIONNAIRE FOR EXPORTERS:

NAME OF THE ORGANISATION: .....

ADDRESS: .....

TELEPHONE: .....

FAX: .....

e-mail: .....

Name of the respondent/owner: .....

Age: .....

Educational qualification: .....

Designation of the respondent: .....

Date of the Interview: .....

#### A. Organizational Data: .....

- i) When did you start your Export Business? (Particular item)
- ii) What is the pattern of ownership of your business organization?
  - a) Single ownership
  - b) Partnership
  - c) Private Ltd. Co.
  - d) Public Ltd co.

#### B. Capital structure:

- i) Total Capital:
  - a. Up to 10-lakh
  - b. 10 lakh to 25 lakh
  - c. 25 lakh to 50-lakh
  - d. 50 lakh to 1 core
  - e. Above 1 crore
- ii) Sources of Capital:
  - a. From own pocket.....%
  - b. Wife and other family member.....%
  - c. Friends and relatives.....%
  - d. Commercial banks.....%
- iii) Did you face any problem to collect your capital? Yes/No. If yes, please mention in detail .....

**C. In which kinds of business your firm is involved. Please tick.**

- i) Export only    ii) Both Export and Import    iii) Manufacturing and Exporting    iv) Whole selling    v) Retailing

**D. Please give us your business sale percentage:**

- i. From Export.....%    ii. From Whole sale.....%  
iii. From Retailing.....%

**E. Have you been facilitated by Trade credit? Yes/No please detail.**

.....

**F. Location of Factory:**

.....

**G. Expansion possibility:**

.....

**Questions regarding exported items:**

1. Please give your opinion regarding the trend of export of the following products:  
a) Woven    b) Knit    c) Sweater
2. Name of your product & Volume of Export in TK. ....
3. How do you collect information/address about the export market?  
a) Direct mailing    b) By E.P.B.    c) By consular    d) By Local Buying House

4. Are you informed of any complain from abroad regarding exported items?

Name of the Items

Complains

i) Shirts ii) Polo Shirts

i) Shrinkage ii) Twisting

5. Who are the competitors of your exported items in international market?

Name of the Items

Name of the competitors (country)

a) Woven b) Knit c) Sweater a) China b) Sri-Lanka c) Vietnam

b) How the competitor's products are superior to your products?

(i) In terms of quality (ii) In terms of price

c) Why do foreign buyers buy your products?

.....

d) Where do you produce of your exported items or products?

(i) Own factory (ii) Others factory (Sub-contract)

e) What are the problems for producing product in your own factory?

(i) Irregular supply of electricity.

(ii) Transport problem.

(iii) In adequate raw materials

f) What are the problems to collecting products from other factory?

.....

g) If your products quality is better and prices are competitive, in that case what is the probability of increasing export (% up to next three years).

(i) 5% (ii) 10% (iii) 15% (iv) 20%

h) What are the prospects of your products in foreign market?

.....

i) Have you been facilitated by export credit guarantee scheme?

Yes/No. If yes, please detail .....

- j) Do you think that the prices of competitors are low in comparison to your exportable items? Yes/No. If so, why.....
- k) How do you determine the prices of your exportable?  
(i) C & F (ii) FOB (iii) CM Basis
- l) Please give an idea about export term.  
(i) Credit and scheduled payment (ii) By cash (iii) L/C  
(iv) Irregular payment (v) Side Payment
- m) Please give an idea about your production cost.  
(i) Raw materials. ....% (ii) Labor cost.....%  
(iii) Overhead.....% (iv) Transport cost .....%
- n) Which costs can you be reduced by better management practice?  
(i) ..... (ii) ..... (iii) .....
- o) Is there any possibility of decreasing the cost of your exportable items?  
Yes/No. If yes. ....
- p) Have you participated in any training Program? Yes/No. If yes:  

| <u>Subject</u> | <u>When</u> | <u>Where</u> | <u>Duration</u> |
|----------------|-------------|--------------|-----------------|
|----------------|-------------|--------------|-----------------|
- q) Please give us in percentage figure the mode of transportation used in export of your products.  
(i) Road.....% (ii) Air.....% (iii) Shipping. ....%
- r) What are the problems of transportation in exporting your items  
(i) Shipment documentation formality (ii) Shipping space problem  
(iii) Full fare problem (iv) Transport cost (v) Port Crisis
- s) What are the problems you face in warehousing of your exportable?  
(i) Customs Bonded warehouse (ii) Central Bonded warehouse
- t) Are there any buying agents of your exportable in Bangladesh?

Yes/No. If yes, How do you select them and what factor do you consider that?

.....

u) Do the importers bear the transportation costs or take the risk involved in transportation? Yes/No. (Please details).

.....

v) What documents do you use in exporting formality?

.....

w) How did the Bangladesh Standard and testing institution help you?

.....

x) How did the export Promotion Bureau help you?

.....

y) Are you member of the Chambers of Commerce and Industry?

.....

z) How did the Chamber of Commerce help you?

.....

aa) How did your trade association to help you?

.....

bb) How did you get the information of export prospects?

(i) Advertising (ii) By consular (iii) By foreign mission.

(iv) Export fair

cc) Have you participated in any export fair? Yes/No If yes.

When                      Where                      How many                      Remarks

dd) Which media is best for promoting overseas market?

(a) Advertising (ii) Sales Promotion (iv) Export Fair

ee) Is there any Govt. involvement in the promotion of our non-traditional export in abroad? Yes/No.

If yes, please give detail.

.....

ff) How are the Bangladesh Mission in abroad to help the exporters? (Please state).

.....

gg) Mention 3 major problems you face in promoting export market please (state)

.....

hh) Would you please give some suggestions in solving those Problems? please (state)

.....

ii) Please comments on the export policy of Bangladesh in non-traditional export

.....

jj) What are the possibilities to increase export market by EPZ?

.....

kk) What is your specific suggestions for the development or improvement or marketing of products you deal in?

(i) Quality ..... (ii) Cost reduce.....

(iii)Storage ..... (iv) Transportation .....

(v) Finance..... (vi) Market development.....

**APPENDIX NO – 2**

Questionnaire for Executives of Supporting Institutions

Name of the Organization : .....

Address : .....

Telephone : .....

Fax: .....

e-mail: .....

Name of the Respondent : .....

Age : .....

Educational Qualification : .....

Designation of the respondent : .....

Date of Interview : .....

**Questions:**

1. How do your organization assist the RMG exporters of Bangladesh?

(a) In supply of raw materials

(b) In exporting

(c) In financing

(d) Supply of information

2. How do you define Non-traditional Export? (Please state)

.....

3. In your opinion, what is the prospectiveness of foreign Market?

.....

4. In your assessment, do the exporters understand foreign market demand?

No/Yes. If yes, How?

.....

5. What is the nature of your involvement regarding export business (Please give detail)

.....

6. Do you consider that you extend sufficient cooperation to exporters? Yes/No. (Please elaborate)

.....

7. Do you offer any special help to the Non-Traditional Exporters? Yes/No (give reasons for your answer)

.....

8. Please, give an idea about the future trend of Non-Traditional Export

.....

9. Please, Comments on the quality, cost and shipment system of the following products:

Woven products.....

Knit products.....

Sweater products.....

10. Did you face any problems by the exporters of Non-Traditional export?

.....

11. Would you like to give any suggestion in solving those problems? (Please, state).

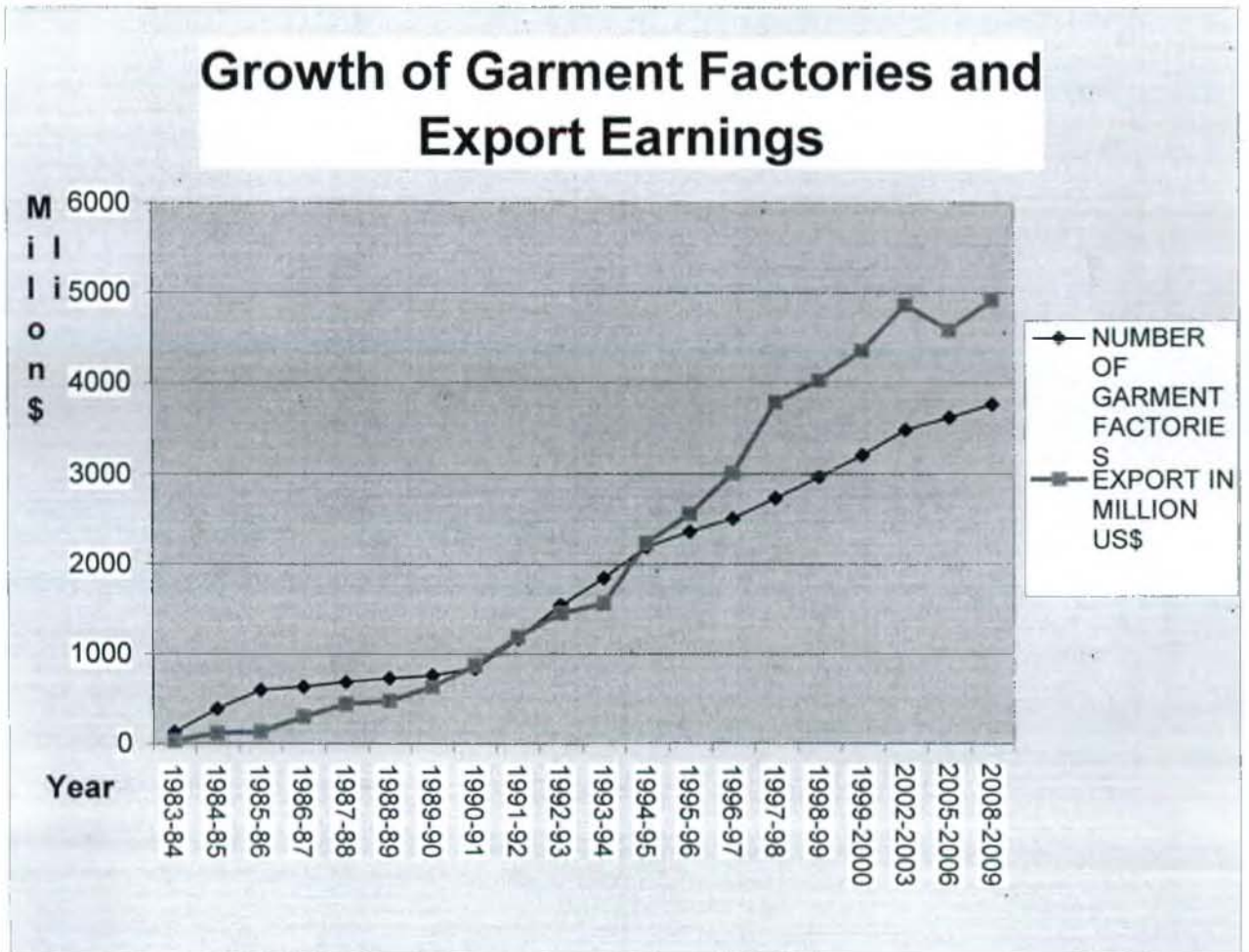
(b) .....



**APPENDIX NO – 3**

**Graph-14**

Export trend of readymade garment products from Bangladesh (in million US \$)



**APPENDIX NO – 4 (A)****Table-63**

Position of the Balance of Trade during the Pakistan Period from 1948-49 to 1969-70

| Years   | Export<br>In million taka) | Import<br>In Million taka) | Balance of Trade |
|---------|----------------------------|----------------------------|------------------|
| 1948-49 | 448.2                      | 297.4                      | + 150.8          |
| 1949-50 | 732.6                      | 583.9                      | + 148.7          |
| 1950-51 | 1272.9                     | 1068.7                     | + 204.2          |
| 1951-52 | 1152.5                     | 1170.5                     | - 18.0           |
| 1952-53 | 791.0                      | 1241.2                     | - 450.2          |
| 1953-54 | 794.7                      | 1295.3                     | - 500.5          |
| 1954-55 | 928.2                      | 1304.8                     | - 376.6          |
| 1955-56 | 1278.0                     | 1309.3                     | - 31.1           |
| 1956-57 | 1152.2                     | 1340.0                     | - 187.8          |
| 1957-58 | 1257.2                     | 1368.2                     | - 111.0          |
| 1958-59 | 1165.2                     | 1381.1                     | - 215.9          |
| 1959-60 | 1432.5                     | 1394.3                     | + 38.2           |
| 1960-61 | 1622.8                     | 1401.2                     | + 221.6          |
| 1961-62 | 1714.6                     | 1407.9                     | + 307.6          |
| 1962-63 | 1674.1                     | 1472.4                     | + 201.7          |
| 1963-64 | 1735.3                     | 1499.1                     | + 236.2          |
| 1964-65 | 1805.2                     | 1507.3                     | + 297.9          |
| 1965-66 | 2165.9                     | 1605.9                     | + 560.0          |
| 1966-67 | 2313.6                     | 1811.3                     | + 502.3          |
| 1967-68 | 2269.0                     | 1872.6                     | + 396.4          |
| 1968-69 | 2414.0                     | 1906.7                     | + 507.3          |
| 1969-70 | 2593.8                     | 2119.3                     | + 474.5          |

Source: Bangladesh Export Statistics, Produced &amp; Published by EPB &amp; Bangladesh Bank.

## APPENDIX NO – 4 (B)

Table-64

Position of the Balance of Trade of Bangladesh during the Period from 1971-72 to 2002-2003 in core taka:

| Years     | Export<br>In million taka) | Import<br>In Million taka) | Balance of Trade |
|-----------|----------------------------|----------------------------|------------------|
| 1971-72   | 195.32                     | 327.16                     | - 131.84         |
| 1972-73   | 285.60                     | 773.40                     | - 487.80         |
| 1973-74   | 308.98                     | 884.73                     | - 575.80         |
| 1974-75   | 306.14                     | 1084.24                    | - 778.10         |
| 1975-76   | 429.18                     | 1103.92                    | - 674.74         |
| 1976-77   | 625.50                     | 1399.30                    | - 773.80         |
| 1977-78   | 740.61                     | 1821.62                    | - 1081.01        |
| 1978-79   | 928.22                     | 2207.34                    | - 1279.12        |
| 1979-80   | 1124.16                    | 3052.49                    | - 1928.33        |
| 1980-81   | 1159.90                    | 3728.75                    | - 2568.85        |
| 1981-82   | 1255.54                    | 3872.94                    | - 2617.40        |
| 1982-83   | 1616.24                    | 4526.49                    | - 2910.25        |
| 1983-84   | 1990.19                    | 5087.35                    | - 3097.16        |
| 1984-85   | 2415.49                    | 6826.29                    | - 4410.80        |
| 1985-86   | 2431.40                    | 6292.96                    | - 3861.56        |
| 1986-87   | 3263.20                    | 6849.61                    | - 3585.41        |
| 1987-88   | 3808.11                    | 9158.82                    | - 5350.71        |
| 1988-89   | 4096.84                    | 9507.50                    | - 5410.66        |
| 1989-90   | 4976.42                    | 12275.91                   | - 7299.49        |
| 1990-91   | 6056.09                    | 12378.20                   | - 6322.11        |
| 1991-92   | 7590.86                    | 13193.70                   | - 5602.84        |
| 1992-93   | 9257.54                    | 156012.04                  | - 63436.64       |
| 1993-94   | 100975.94                  | 167643.77                  | - 66667.83       |
| 1994-95   | 139284.58                  | 234526.80                  | - 95242.22       |
| 1995-96   | 158790.87                  | 278790.79                  | - 119999.92      |
| 1996-97   | 188130.42                  | 305305.00                  | - 117174.58      |
| 1997-98   | 234163.75                  | 342316.56                  | - 108152.90      |
| 1998-99   | 254911.02                  | 384823.00                  | - 129911.98      |
| 1999-2000 | 288185.16                  | 422775.00                  | - 134589.84      |
| 2000-2001 | 348587.43                  | 505227.00                  | - 156639.57      |
| 2001-2002 | 343661.45                  | 490491.00                  | - 146829.55      |
| 2002-2003 | 379154.49                  | 559176.00                  | - 180021.51      |
| 2003-2004 | 448272.22                  | 642565.60                  | - 194293.38      |
| 2004-2005 | 532339.73                  | 808948.00                  | - 276608.27      |
| 2005-2006 | 707463.51                  | 991300.70                  | - 283837.19      |
| 2006-2007 | 841003.01                  | 1184862.40                 | -343859.30       |
| 2007-2008 | 968000.77                  | 1483749.40                 | -515748.63       |
| 2008-2009 | 1070885.07                 | 1548481.60                 | - 77569.53       |
| 2009-2010 | 1121037.69                 | 1642194.84                 | -521157.15       |

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**GLOSSAREY:**

RMG= Readymade Garments.

BGMEA= Bangladesh Garment Manufacturers and Exporters Association.

BTTLMEA= Bangladesh Teri Towel Manufactures and Exporters Association.

BKMEA= Bangladesh Knit Manufacturing and Exporters Association.

BTMC= Bangladesh Textile Mills Corporation.

BRAC= Bangladesh Rural Advancement Committee.

GOB= Government of Bangladesh.

ILO= International Labour Organisation

IPEC= International Program on the Education and Child labour.

MOU= Memorandum of Understanding.

NGO= Non-government Organisation

NSC=National Steering Committee.

UCEP= Under Privileged Children Education Program.

UNICEF= United Nation International Children Emergency Fund.

EPB= Export Promotion Bureau

VAT= Value Added Tax

TDA= Trade Development Act'2000

EPZ= Export Promotion Zone

TQM= Total Quality Management.

ATC= Agreement on Textile and Clothing.

MFA= Multi-Fibre Agreement.

WTO= World Trade Organisation

GATT= General Agreement on Trade and Tariffs.

EU= European Union.

GSP= Generalized System of Preference.

NAFTA= North American Free Trade Agreement.

LDC= Least Development Countries.

AGOA = African Growth Opportunity Act.

**END**