

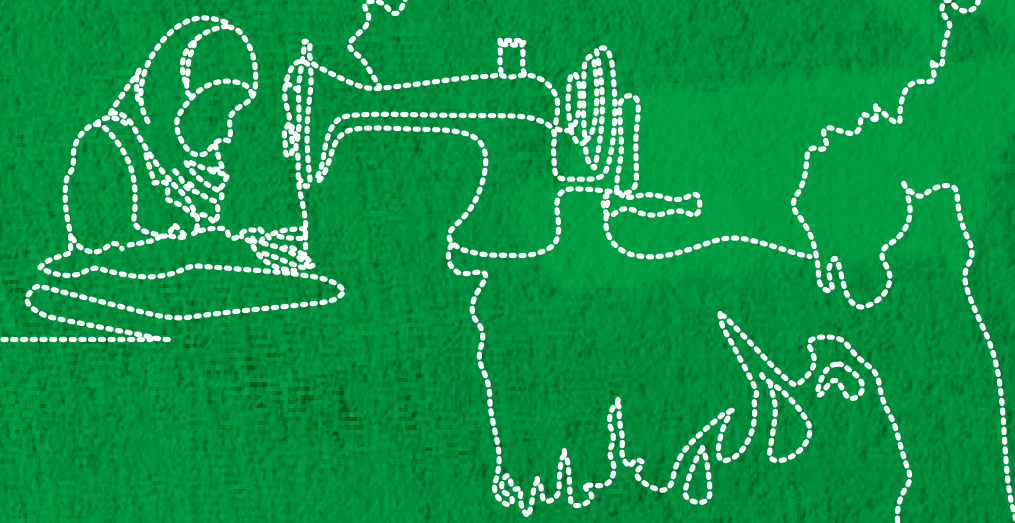
The Apparel Story



THE GLORIOUS 50 YEARS OF BANGLADESH



শিল্প মহাউর্জ বাংলাদেশ



BANGLADESH GARMENT
MANUFACTURERS AND
EXPORTERS
ASSOCIATION (BGMEA)

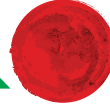
The Apparel Story

40 YEARS OF





**TO
THOSE WHO
SACRIFICED
THEIR LIVES
FOR THE VICTORY
OF OUR BELOVED
MOTHERLAND**



BANGLADESH BOOMS RIDING ON RMG'S BACK

Faruque Hassan

As Bangladesh marks 50 years of independence, it is being hailed as a rising economic star, and rightfully so. The 1971's War of Liberation, apart from claiming three million lives, had also left the country's infrastructure and economy in tatters. At that time around 80 percent of Bangladesh's population was living in extreme poverty and the country was characterized as economic basket case. But in the last five decades Bangladesh has undergone tremendous transformation and became one of the fastest growing economies of the world.

Our socio-economic progress, human development indicators and achievements of MDGs are widely acclaimed. Especially in last 13 years under the visionary leadership of our Honorable Prime Minister Sheikh Hasina, Bangladesh has become a global model of development. Our per capita income has reached USD 2,554 from USD 676 in the FY 2008-2009, which is one of the highest in South Asia. Poverty rate declined to 20.5%, both way trade increased from USD38 billion to USD82 billion during the same time. Foreign exchange reserve is crossing the records every month which is now at USD 45 billion.

How this has happened? Certainly it was not a case of simply waving a magic wand!

Well, the success story has largely been woven by the ready-made garment (RMG) industry. And those of us involved in this sector can take some personal pride in our remarkable contribution to the development of the country.

Let's look at a few facts and figures. The apparel sector contributes 11 percent to GDP and supports over 4 million jobs directly. With 3,500 active clothing factories at present, it accounts for \$20 billion in investment, and generates export revenue of 31.4 billion that is about 81 percent of total export from Bangladesh. The impressive growth of Bangladesh RMG industry has made it the world's second largest garment supplier, with its products going to 167 countries.

Figures aside, the RMG industry truly embodies Father of the Nation Bangabandhu Sheikh Mujibur Rahman's dream of building a self-reliant nation. In his first speech to the independent Bangladesh, Bangabandhu had said, "Our independence will be futile, if the people of my Bengal are not fully fed. Our independence will not be fulfilled, if the mothers and sisters of this country do not get clothes for the protection of their modesty. Our independence will not be fulfilled, if the people of this country, the youth, do not find employment."

The RMG industry is leading from front in making Bangladesh self-reliant as Bangabandhu envisaged. It is a vital cog in Bangladesh economy and also the largest formal sector employer, especially for women. Approximately 60 percent of garment workers are women, mostly within the age group of 18-30 years. As a result the industry has not only immensely contributed to women empowerment and poverty reduction, but also brought about numerous positive changes in society like drop in early marriage and early motherhood, increase in female literacy rates, curb in population growth, and increase in environmental and personal hygiene awareness etc. Moreover, the RMG sector provides economic opportunities to thousands of backward and forward linkages.

Even beyond this tangible socio-economic contribution, the apparel industry itself has gone through massive transformation and grown manifold since its inception. The technology features, the safety, the product quality and category, and the environmental sustainability all have improved by several orders of magnitude. The industry's high level of adaptability has been so impressive and successful in making the business sustainable that perhaps other industries can take some lessons from it.

1978 to 2021



July 1978 to November 1985

A. M. Subid Ali
Former President, BGMEA

1978



March 1991 to July 1993

Late Mohammad Mosharraf Hossain
Former President, BGMEA

1991

1985



November 1985 to May 1987

Late Maj. Gen. M. Khalilur Rahman (Retd.)
Former President, BGMEA

1993



July 1993 to November 1996

Redwan Ahmed
Former President BGMEA



April 2019 to April 2021

Dr. Rubana Huq
Former President, BGMEA & Managing Director, Mohammadi Group Ltd.

2019



March 2013 to September 2015

Md. Atiqul Islam
Honorable Mayor, DNCC
Former President, BGMEA & Managing Director, Islam Garments Ltd.

2013

2015



September 2015 to April 2019

Md. Siddiqur Rahman
Former President, BGMEA & Managing Director, Sterling Denims Ltd.

2011



March 2011 to March 2013

Md. Shafiul Islam (Mohiuddin), MP
Former President, BGMEA & Managing Director, Onus Group



**March 1999 to
March 2001**

Anisur Rahman Sinha
Former President, BGMEA
& Chairman, Opex Group

1999



**March 2003
to March 2004**

Quazi Moniruzzaman
Former President, BGMEA
& Managing Director
Max Super Apparels Ltd.

2003

1997



**March 1997
to March 1999**

Mostafa Golam Quddus
Former President, BGMEA
& Chairman, Dragon Group

2001



**March 2001 to
March 2003**

Kutubuddin Ahmed
Former President, BGMEA
& Chairman, Envoy Group



**March 2009
to March 2011**

Abdus Salam Murshedy, MP
Former President, BGMEA &
Managing Director, Envoy Group

2009



**July 2006 to
March 2007**

S.M. Fazlul Hoque
Former President, BGMEA &
Chairman, Choice Group

2006



**March 2004 to
November 2005**

Late Annisul Huq
Former President, BGMEA
& Chairman,
The Mohammadi Ltd.

2004

2007



**March 2007 to
March 2009**

Anwar-UI-Alam Chowdhury (Parvez)
Former President, BGMEA &
Managing Director, Evince Group

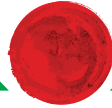
2005



**November 2005
to July 2006**

Tipu Munshi, MP
Honorable Commerce Minister
Former President, BGMEA &
Managing Director, Sepal Garments Ltd.





I remember how rudimentary it was when Mohammad Reazuddin, owner of a popular brand 'Reaz Shirt' in 1960s and 70s, turned his famous 'Reaz Store' into 'Reaz Garments' in 1973 and first exported 10,000 pieces of shirts to France in 1978 worth USD 12,000. And then how M Noorul Quader set up the country's first export-oriented RMG factory 'Desh Garments' in 1978 and sent 130 employees to South Korea for training, and thus effectively ensured knowledge and technology transfer for garment manufacturing and export business. Since then there was no looking back for RMG entrepreneurs, while investment in this sector has only grown by the day.

In early days when our garment industry had started flourishing and showing great promise of growth, the entrepreneurs who initiated RMG business in the country felt it necessary to create a common platform for garment manufacturers and exporters to give the industry a strong footing. Thus the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) came into being in 1983 with an aim to ensure a congenial business climate for sustainable growth in the apparel industry. Since inception the subsequent leaderships of BGMEA worked hard to take the industry forward amid myriad challenges. We humbly remember their contributions and show our deep respect to all the leaders, especially former Presidents of BGMEA -- A.M. Subid Ali, Maj. Gen. M. Khalilur Rahman (Retd.), Mohammad Mosharraf Hossain, MP, Redwan Ahmed, Anisur Rahman Sinha, Mostafa Golam Quddus, Kutubuddin Ahmed, Quazi Moniruzzaman, Annisul Huq, Tipu Munshi, MP, S.M. Fazlul Hoque, Anwar-Ul-Alam

Chowdhury (Parvez), Abdus Salam Murshedy, MP, Md. Shafiul Islam (Mohiuddin), MP, Md. Atiqul Islam, Md. Siddiqur Rahman, and Dr. Rubana Huq.

As we look back, broadly there are four areas in which significant advancements have taken place and of which we can all be really proud of.

First, the advancement in workplace safety and value chain responsibility. Today Bangladesh's RMG industry can boast of having been transformed into a state-of-the-art, safe, secured and green hub of sustainable and ethical manufacturing. The sector insiders' relentless pursuit for staying competitive in the global supply chain has helped the industry make great strides in safety and sustainability.

After the introduction of Harkins Bill of Child Labor elimination in 1994, we have made an unprecedented success in eliminating Child Labor from the RMG industry in 1995 and rehabilitate them through earn and learn program.

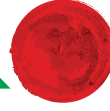
We, the entrepreneurs, have committed ourselves to turn around and rebuild the industry to make it safer, risk free and sustainable for our workers and employees, especially after the tragic building accident of 2013. We have engaged ourselves with the Government, ILO, local and international labor federations and brands through the initiatives titled 'ACCORD', 'Alliance' and 'National Action Plan'. Bangladesh made a joint declaration with ILO, EU, USA and Canada called the Sustainability Compact in 2013 to monitor the progress of the transformation. The three initiatives as I named before have carried out safety inspection in all the export oriented RMG factories in Bangladesh in the area of fire, electrical and structural safety. The response from the industry in terms of remediation works was phenomenal.

Since the tragic building collapse incident in 2013 a paradigm shift has happened. All the factories have gone through robust remediation program and installed all the required safety equipment as per the standards. To complete the safety remediation plan, a factory on an average spent around USD 500,000. And in the case of relocation or rectification, the cost was even 4-6 times higher. Not only that, the factory inspections reports were disclosed online which has set a unique example in the world on the issue of work place safety

Then we have formed RMG Sustainability Council (RSC) to build local capacity as a national safety monitoring regime, involving equal number of representatives from industry bodies, brands and unions in its governance.

As we believe that capacity building is an important part to develop the culture of safety, particularly by engaging the workers, we have entered into collaborative arrangement with a number of development partners and the Government to train workers and mid-management officials on occupational safety and health and on social dialogue.

Thanks to these unprecedented strides over the years, the industry has earned global recognition. McKinsey & Company has termed Bangladesh RMG industry as "a front-runner in transparency regarding factory safety and value-chain responsibility", while QIMA ranked Bangladesh 2nd in its ethical manufacturing audit 2020.



Second, the advancement in environmental sustainability. Today the factories are not only safer, but also have become more dynamic, modern, energy-efficient and environment-friendly. Bangladesh has by far the highest number of green garment factories in the world. US Green Building Council (USGBC) certified a total of 152 Bangladeshi factories as LEED (Leadership in Energy and Environmental Design), among them 44 are LEED platinum-rated and 94 are LEED gold-rated units. Moreover, 500 more factories are in the pipeline for certification. Factories are increasingly opting for modern technologies which are energy efficient.

Besides, an increasing number of factories from Bangladesh are joining UNFCCC (United Nations Framework Convention on Climate Change), the German Green Button initiative, and a circular fashion project with GFA, which testifies the industry's strategic vision and committed efforts toward environmental excellence. I also want to proudly share with you that BGMEA has been recently honored with USGBC Leadership Award 2021, which is by far the first of its kind for any associations in Bangladesh. In recently ended COP26 we have reaffirmed our commitment to climate action.

As the nation aspires to be a developed country by 2041, the RMG industry has a lot more to contribute and will play a pivotal role in the journey. Therefore, the government and the industry must continue to work together to keep up the growth momentum of this vital sector in the days to come.

Third, the technological advancement. Our factories are increasingly moving from semi-automatic to more automatic industry using sophisticated machines, technologies and software to prepare the industry for next phase of growth. Energy and resource efficient technologies like low liquor dyeing machine, Ozone washing machines, Jacquard machines, auto trimming, ERP are increasingly being used in factories. These machines are not only resource efficient but also enhance efficiency in production. Most of our new generation factories are equipped with sophisticated technologies, able to handle top quality products of diverse styles, making the product price competitive as well.

Moreover, we are using many environment-friendly technologies like- rainwater harvesting, daylight saving, solar energy etc. which save our natural resources and reduce the environmental pollution. As far as transparency and traceability of the supply chain management is concerned, different types of supply chain tools are being used in garment factories. Some factories are using technology like - IOT to analyze sewing motion, radio-frequency identification RFID for production and inventory tracking system, smart dyeing system, automatic dosing system, smart garment measurement system, finishing roll QC system, mobile apps for QC etc. Automated screening tools are being used to detect organic and zero hazardous chemicals which reduce the consumption of water and energy.

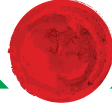
Fourth, and perhaps the most important, is our ability to manufacture world-class products. Today our products compete with the best in the world. Apart from being meticulous in product development, our unfailing commitment to deliver quality products in time also gives Bangladesh a competitive edge.

Moreover, our manufacturing quality is steadily improving and our products are increasingly winning hearts and minds of global consumers. Still, there is a lot of work to be done. We need to enhance our value addition capacity so that our products can become more competitive both in terms of cost and quality.

Considering all these areas of impressive advancement, there is no denying that Bangladesh RMG industry has come a long way. In our journey of almost four decades, we have gone through various challenges and currently, as the whole world suffers from the pandemic of the century, Covid-19, our manufacturers have been introduced to an unprecedented situation as well. However, with the support from Honorable Prime Minister Sheikh Hasina, we have been able to successfully fight the initial blow and as a result of mass vaccination around the world, our export is rebounding.

The potential of the industry is much larger and we must aspire to reach the very top. However, the question is – what will it take? In simple words the misconception about the industry needs to be changed, and it must be seen is an important economic growth driver for Bangladesh. Yes, factories involve workplace safety, wage and environmental issues, but over the years these issues have been dealt with successfully, thanks to the action taken by the government and the industry.

Another important thing to do is – we have to carve out a niche for ourselves in high-end garment products, especially with a focus on harnessing the potential of



man-made fiber. The global market for MMF products is huge. About 75 percent of the total consumption of global textiles is non-cotton, where the share of Bangladesh is only 25 percent. Bangladesh is also heavily dependent on imports to meet demand for non-cotton fabrics. So, rapid localization of MMF will provide a big opportunity for the RMG sector. The share of 5 core items - trousers, T-shirts, blouses, sweaters and underwear - is 82.04%. Whereas we have huge scope in items like active-wear, athleisure, suits and high end formal-wear, outerwear, lingerie, etc.

The next phase of business sustainability will also require advancement in the area of 4th industrial revolution. We must make continuous effort to cope up with the global fashion trends and realign our business strategies accordingly. The industry is now more focused on product diversification, especially on non-cotton and high-end apparel products like suits/blazers, lingerie, jackets, swimwear, sportswear, uniform, work-wear, etc. Thus we must strive to remodel our business from labor intensive to a value-added one through innovation, modern manufacturing, diversification, technology upgrading, up-skilling and re-skilling of our workforce.

One of the major sources of Bangladesh's competitiveness is the young and vibrant workforce. Bangladesh has a vibrant population, 70% below 40 years of age. Being a highly populated country, we have to focus on our people to achieve our desired economic development. Better utilization of human resources for maximizing the value to economy requires a critical analysis and appropriate policy. Considering the potentials of emerging as a middle income country, we have to take a People Centric Approach in devising our strategy and policies.

It is encouraging that significant investment in skill

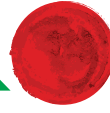


development and R&D is already taking place in factories. While individual factories are working on their own to develop and design high-end products for exports, BGMEA with the support of the Commerce Ministry has set up the Centre for Innovation, Efficiency and OSH for garment factories to enhance competitiveness of the industry. It is hoped that the center will contribute to industry's preparedness to keep pace with the changing demands.

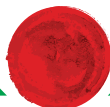
Last but not least, as the nation aspires to be a

developed country by 2041, the RMG industry has a lot more to contribute and will play a pivotal role in the journey. Therefore, the government and the industry must continue to work together to keep up the growth momentum of this vital sector in the days to come. If everything goes well, achieving the target of \$50 billion export earnings from this sector is well within our reach. ^A

Faruque Hassan is the President of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).



The BGMEA Board led by its President Faruque Hassan, and former Presidents, paid tribute to the Father of the Nation, Bangabandhu Sheikh Mujibur Rahman by placing wreaths at the portrait of the great leader in front of Bangabandhu Memorial Museum at the capital's Dhanmondi.



JOURNEY OF RMG IN THE EYES OF INDUSTRY LEADERS



Redwan Ahmed
Former President
BGMEA

“Sammilito Oikka Parishad” panel under the leadership of Late Mr. Mosarraf had a landslide victory in the BGMEA election held in 1991 against “Sanmilato Forum” headed by Mr. Nur-e-Alam Siddiqui. Mr. Mosarraf Hossain was elected president of BGMEA and I was elected 2nd vice president of BGMEA for two years term. So the above two organizations were in existence before holding BGMEA election in 1993. Because of certain reasons “Sammilito Oikka Parishad” was split and “Sammilito Parishad” emerged under my leadership to contest 1993 BGMEA election.

A full panel of “Sammilito Parishad” under my leadership contested in 1993 BGMEA election against the panel of “Sammilito Oikka Parishad” headed by Late BGMEA president Mr. Mosarraf Hossain. “Sammilato Forum” abstained from contesting BGMEA election in 1993. The full panel Members -- 20 from Dhaka and 7 from Chittagong-- were elected from “Sammilito Parishad”. I was elected president of BEMEA for two years term. I was the Member of Parliament of the 5th Parliament of Bangladesh at that time.

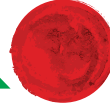
The garment manufacturers and exporters of Bangladesh mandatorily had to take utilization permission from the customs department to release raw materials imported against the back-to-back letter of credit. Since the inception of the garments sector, the

consumption of fabrics and accessories in different items was more or less set. The garments owners used to fix up the number of fabrics and accessories required/or to be consumed per dozen, which was practically endorsed by the Customs authority without any changes in most of the items. It was also mandatory to take inter bond permission from the Customs authority to transfer fabrics and accessories from one bond to another, which means one factory to another factory for doing subcontracts or to meet up the shortage of fabrics and accessories to export on time. It was really a troublesome matter for the garments manufacturers and exporters to constantly travel to the Customs Commissioner's office in Uttara, Dhaka from factories situated all over the country. To avoid this hassle I as the President of BGMEA along with Office Bearers, and Executive Committee Members had taken an initiative to convince the government authority to deregulate power of issuing utilization permissions/Utilization Declaration/interbond permission to the BGMEA authority.

I being a President of the BGMEA and a Member of the Parliament had access to knock on the doors of concerned Ministers and government high officials to implement the above intention of the garments owners to reduce the hassle they used to face. It was a team effort to invite the then Late Finance Minister Mr. Saifur Rahman, Commerce Minister Mr. M.K. Anwar and Mr.

Shamsul Islam, to the BGMEA office to convince them to support and to delegate power to the BGMEA authority of issuing utilization declarations and interbond permissions. A series of meetings with the NBR and Customs authorities were held in the NBR and in BGMEA office. I along with Mr. Mostafa Golam Quddus, Kazi Moniruzzaman, Mr. Abdus Salam Murshedy, and Mr. Atiqur Rahman were present in most of the time. Subsequently, BGMEA authority was empowered to issue utilization declarations and interbond permissions. I formed a committee where the then EC member, late Mr. Rezaul Haque Topon of Muscat group was made the convenor of the utilization declaration committee. It is relevant to know that before the expiry of the two years tenure of the President and the committee, I convened an extraordinary general meeting to pass a resolution that every year one-third of the members of the committee will retire and newly elected members will take their place. Ultimately in the next two-yearly elections were held. I was the panel leader and formed BGMEA and was elected president to three consecutive terms.

When the garments exports were starting to gain lots of traction in the U.S and European markets, a labor organization AFL-CIO and other labor organizations of America had started a movement that child labor should be eliminated from the apparels sector of Bangladesh. The Ambassador of the USA, Mr. David N Meril in



Bangladesh had initiated the agenda to eliminate child labor from the apparels sector. His Excellency the Ambassador of USA visited BGMEA and had a series of meetings with me and with the convenor of labor committee Mr. Mostafa Golam Quddus to eliminate child labor and to rehabilitate them. Mr Mostafa Golam Quddus, the convenor of the labor committee, took initiative to divide industries of Dhaka city into different Zones. He opened a school in Zone 1, where his own factory 'Dragon Sweaters' is situated, to provide education for the child labors. This initiative of setting up schools in different zones to provide education for the child labors were done to convince the AFL-CIO and other labor organizations to show that initiative is taken to eliminate child labor slowly and gradually from the apparel sector. I and labor committee convenor Mr. Mostafa Golam Quddus visited the AFL-CIO office in USA and attended different conferences in Switzerland and England to convince different labor organizations all over the world that an initiative has been taken to eliminate child labor from the apparel sector. The process of elimination of child labor from the apparel sector was tactfully delayed showing causes that apparel is not a hazardous sector and millions of child labor are working in hazardous sectors of Bangladesh. In contrast in U.S.A, millions of young students work in fast-food and other shops for earning a living wage but the U.S.A initiated to eliminate child labor from the apparel sector and not from any other hazardous sector in Bangladesh. Then lastly his Excellency Mr. Meril visited my country house twice just to convince me to sign the child labor elimination program from the apparel sector. Furthermore, at the beginning of the year 1995, I attended a meeting at the American embassy and clearly told them that a trade organization can't enter into any contract or agreement with any foreign government

or any international organization without the permission of the government of Bangladesh. Then his Excellency the Ambassador Meril started to communicate with the foreign minister, commerce minister and labor minister to enter into an agreement with ILO, UNICEF. BGMEA eliminate child labor from Garment sector. Due to the delaying process of implementation of this agreement, AFL-CIO started campaigning against the use of Bangladeshi labeled apparel. Then the government of Bangladesh and the above-mentioned concerned ministers held different meetings with BGMEA and the American embassy. Finally, in a meeting in the foreign ministry presided over by the late foreign minister Colonel Mustafizur Rahman, concerned other Ministers, U.S Ambassador and the BGMEA President decided to sign an agreement for the elimination of child labor from apparels sector in Bangladesh. Accordingly, an agreement in this regard was signed at the 'Pan Pacific Sonargaon' hotel conference room on the 4th of July 1995 between president BGMEA, ILO Director and UNICEF Chief of Bangladesh.

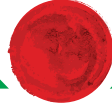


Signing Ceremony of The Memorandum of Understanding on Elimination of Child Labor among BGMEA ILO And UNICEF.

Few other important things that I did along with my committee members. Allocation of 81 decimals of railway land was made in the name of BGMEA from the ministry of communication for 99 years. Two installments were also paid through checks, signed by me and the treasurer, Mr. Jinnat Ali Mia. Ultimately, after my retirement, possession of the said land couldn't be taken as the fish market is still there on Kawran Bazar near the rail line. To explore the export market I took the first initiative to attend an international apparels fair in Cologne, Germany. I also initiated the Single Country Apparel fair in Moscow, Russia and Los Angeles, USA. I introduced 'BATEXPO' to be inaugurated by the Prime Minister of Bangladesh as chief guest and the concluding session to be attended and ended by the leader of the opposition as a special guest.



After signing the child labor elimination agreement, Mr. Redwan Ahmed met the then first Lady of U.S Mrs. Hillary at the U.S Embassy at Baridhara, Dhaka. A



JOURNEY OF RMG IN THE EYES OF INDUSTRY LEADERS

The great Liberation War of 1971 earned us Independence, the freedom for statehood, sovereignty, self-determination, and more importantly our right to choose our language and destiny. The garments manufacturing and exporting of it, earned us dignity and economic freedom. Prior to the marvels of this industry becoming apparent to the outside world, our image had been portrayed as the poor and flood-ridden nation that we were. While much in our nation is still improving, but the stigma of being an aid-based economy is long gone. The garments manufacturing industry of Bangladesh is the most potent industry in the country in terms of exporting goods. As a matter of fact, it contributes the second highest to the national exchequer. In 2020 the exports were reported to be above USD 25 Billion, accounting for over 80% of the national export. However more than the numbers, the RMG industry of Bangladesh has put us on the global business map. It is a platform to showcase the entrepreneurship spirit of Bangladesh, to showcase the best of Bangladesh on the global stage.

The force behind this phenomenon has been innovative entrepreneurship coupled with an enthusiastic workforce and positive policymaking. The positive policy-making from the government and the unifying role of BGMEA certainly played a major role in making RMG the success story of Bangladesh.

In my experience one major blow to the success story of Bangladesh was brewing thousands of miles away from our shores, it was a proposed bill called the “Child Labour Deterrence Act” which would target and use market forces to halt apparel exports from Bangladesh to the US. The European Commission (now the EU) was closely monitoring and had proposed similar actions against the exporters and manufacturers of garments from Bangladesh by the probable threat of withdrawing GSP from Bangladesh.

Anything other than a total reversal of such policies in the US and European Commission would be a death penalty for our beloved industry and the millions of innocent workers as Bangladesh was the second-highest exporter of apparel into the USA, and Europe was quickly becoming a preferred destination for our products. As a result, we instantly reacted and made a joint committee comprising the representatives from the European Commission, American embassy, Unicef, and BGMEA.

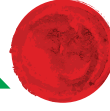
Mostafa Golam Quddus

Former President, BGMEA
& Chairman, Dragon Group



BGMEA and European Commissions American Embassy and Unicef were able to sign an MoU. Through which 60,000 child labourers were identified. According to the terms of the MoU, the 60,000 child labourers were placed to rehabilitate through BGMEA and joint committee initiated and sponsored education. This was accepted by the joint committee and acknowledged at the Geneva convention.

However, the real spirit of this success was how Senator Tom Harkins, the sponsor of the proposed bill “Child Labour Deterrent Act” had gone from wanting to block exports from Bangladesh to become a champion and an orchestrator on behalf of our beloved trade. Initially, when news broke out of Senator Harkins intentions to block exports from Bangladesh, we made several attempts to meet him, ultimately we met him by assistance from Late Stephen Solarz, who was a good friend of Bangabandhu Sheikh Mujibur Rahman, who also set our appointment with the state department, White House and ultimately with the office of Senator Harkins. Upon meeting him, we were able to make him see the other side of his proposed bill, which would be detrimental.



tal to the millions of women, who for the first time were benefiting of an inclusive economy due to the garments business. He was further invited and brought back to Bangladesh for a visit. He was elated with the progress BGMEA had made in eliminating child labors in the garments industry and the empowerment of women through up skills at the factory floors. To the great admiration and affection of our trade body, Senator Tom

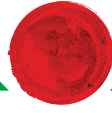
Karkins prior to his departure from Bangladesh had said “buy a shirt from Bangladesh and send a child to school”.

During my Presidency another catastrophe had struck our country, the flood of 1998. Many factories and their goods were being submerged underwater, and exports were coming to a complete halt. It was a time of

helplessness for all manufacturers. The then Prime Minister, Honourable Sheikh Hasina, made a dynamic and crucial intervention to protect the industry and its exports by allowing airlifting facilities and assets of Bangladesh Navy to be utilized for carrying export goods from Kanchpur to Chottogram Port, as Dhaka-Chottogram Highway was completely submerged. During this period, the then Commerce Minister, Honourable Tofail Ahmed had extended his full and dynamic support to the industry which allowed the industry to survive the flooding without a major impact on exports. Such spirited leadership from our Honourable Prime Minister Sheikh Hasina was appreciated and applauded globally.

These episodes and more have held a wonderful example of the spirit with which we BGMEA remained together, irrespective of differences in opinion and preferences in the face of existential crisis, where our coalition is of profound compassion. During my time at the helm of BGMEA as a President, there have been many crises faced, and averted however, my greatest achievement as a President was the bonding of all members from across the aisle which allowed a culture of respect, admiration, and support amongst the members of BGMEA, which makes BGMEA unique in facing a crisis, as when we are together, we can and have successfully faced many crises. There have been many crises that we have all endured and come out stronger together, and in this togetherness, we shall be able to conquer any new challenges that the future holds! The Martyrs have gifted us the freedom to become an independent country, now we must ensure economic freedom through unity and compassion for all. [Ⓐ]





JOURNEY OF RMG IN THE EYES OF INDUSTRY LEADERS

As-salaam-alaikum
As we celebrate the 50th Anniversary of our Independence, I would like to express gratitude to “The Apparel Story” for inviting me to share my thoughts and reflect upon my experiences as a pioneer and former President of BGMEA. I would like to start by thanking all of the BGMEA Presidents, colleagues and the members of the entire garment industry from the past and the present for shaping and guiding this trade from its infancy to what it is today – an example of success through tribulations, an admirable model of compliance and sustainability to the world. We, as a whole, have been through a lot in the past few decades as we have struggled through an arduous journey to reach the title of “the second largest producer” of apparel in the world. Thus let us not forget our fallen colleagues who have perished in their line of

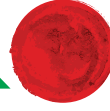
duties and let us not lose our focus by continuing to keep the industry as the safest and the best place of employment for our compatriots. 35 years ago I started a small factory with 35 machines in a 3000 sft space facing the uncertain opportunities of a new fledgling industry, with no prior knowledge of manufacturing garments. I was among a few pioneers trailing the trail blazers and following a vision of the father of the nation – the industrialization of our country. The biggest challenges back then were marketing, banking, deficiency of technical knowledge and skilled workers. Fast forwarding to the 1990s, I recall that the industry faced its biggest test of that time, which was of child labour. In 2005-2006 I was honored and humbled by my colleagues as I was given the opportunity to lead BGMEA. Back then eliminating child labour in the garment industry was the number one priority as we moved into the new BGMEA building in Panthopath. Today we have overcome this issue with all of our collective efforts to educate the industry with positive preventive measures and effective remediation. Since then we have had faced countless other challenges but we held steadfast and continued to move forward. This

Tipu Munshi, MP
Honorable Commerce Minister
Former President, BGMEA &
Managing Director, Sepal Garments Ltd.



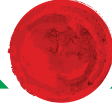
industry’s collective resilience, along with the foresight of our honorable Prime Minister, has contributed towards Bangladesh graduating from the league of the “least developed nations” to that of the “developing nations”. As you all already know that the journey is not over yet, we still have a long ways to go. We must make this industry more sustainable, productive and diversified to face the upcoming challenges of a post COVID world economy. The upcoming leaders of this industry should

This industry’s collective resilience, along with the foresight of our honorable Prime Minister, has contributed towards Bangladesh graduating from the league of the “least developed nations” to that of the “developing nations”.



focus on ensuring the backward linkages to raw material supply chain sources. One way to ensure this is by growing the manufacturing capabilities locally. We must also renew our focus into technology, digitalization, product diversity, product R&D, industrial engineering and develop new markets to make the next journey effortless as we aspire to become the largest manufacturer of readymade garments. Foremost we must invest in our most valuable assets, our workforce. We have to provide proper guidance, mentorship and effective training to give them the edge of multi-skilled expertise so that we can all adapt to the momentous tasks ahead. I express my gratitude to our extremely hard working workforce, without whom it would not have been possible to come this far in this journey. Congratulations to you all and on to the next challenge! 🇷🇵





JOURNEY OF RMG IN THE EYES OF INDUSTRY LEADERS

We are undoubtedly blessed to be in a position to be able to celebrate 50 years of independence of our beloved Bangladesh, the prestigious 100 years birthday of the father of the nation “Bangabandhu”, and the glorious 75th birthday of our visionary leader, our Honorable Prime Minister Sheikh Hasina. Moreover, I am honored that I had the opportunity play a humble part in contributing to the building of our nation and serve as President of BGMEA during the tenure of 2007-2009. Since its inception from the early 1980s until today, the RMG sector continues to undergo numerous challenges ranging from order collection to raw material procurement, financing, manufacturing, logistics, and the collection of payments during the time of esteemed past leaders of the industry such as Mr. Nurul Qader, Mr. Zakaria, Mr. Reazuddin and Mr. Humayun. These iconic figures have successfully implemented the notions of bonded warehouse and back-to-back L/C; which, ultimately lead to the exponential growth of the overall sector and made way for all of us to follow suit of the

business, seeing how attractive this business truly was to become. Subsequently, since then, the role of President of the BGMEA, alongside his or her respective board has been to focus on a number of key challenges during his or her tenure and devise a road map to overcome each obstacle. The following are some of the major areas which have been addressed by a few respectful past presidents including myself:

1. President Mr. Golam Quddus Bhai (1993-1995) eliminated child labor which presented itself to be a big task at the time and he ensured that the young child workers were sent to schools to pursue proper education after a noteworthy collaboration with UNDP.
2. President Anisur Rahman Sinha (1995-1996) negotiated and brought forward GSPA 2 stage derogation for the Woven & Knit industry. Moreover, BIFT (BGMEA Fashion & Technology) was established for the development of Human resources. Finally, the Green channel was introduced at CTG port to clear consignments.
3. President Annisul Huq (2004-2005). During this time, foreign buyers were losing confidence in doing business with Bangladesh after a McKinsey report published globally depicting Bangladesh to undergo huge loss after globalization. This was to be in effect from 2005 due to Quota free and duty-free. Mr. Anis had presented a write-up that was published both locally and globally,

**Anwar-UI-Alam
Chowdhury (Parvez)**
Former President, BGMEA &
Managing Director, Evince Group



shedding onto the light that rather Bangladesh will be the biggest beneficiary of globalization. As a result, his vision was widely accepted and customers regained their confidence in the RMG sector of Bangladesh.

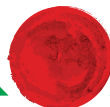
4. During my tenure, serving as President of BGMEA (2007-2009 March) my primary agendas were:

- A. Branding Bangladesh
- B. Development of Human Resource
- C. Establish compliance within the sector
- D. Ensure environmentally friendly workplace

Apart from the above-mentioned points, my board and I were successful in overcoming the following issues:


- Minimum wage implementation was a challenge that was effectively addressed
- Waiver of Terminal Handling Charge (THC) on 16.05.2007,

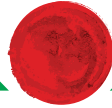
Freight forwarder license Act. 23.06.2008, Continuous Customs Bond Act. 10.06.2008, Domestic Raw material inclusion on UD was withdrawn 18.05.2008, shipment of raw material allowed before L/C opening 14.05.2007, GSP form distribution by BGMEA 01.07.2008, Environ-



ment certificate are not compulsory for woven, Knit & Sweater industry from 28.03.2007

- GSPA single-stage derogation for Woven & Knit Garments
- Established Agreement for duty-free export to India 8 million pcs on 24.07.2008
- BGMEA made an agreement with the bureau of manpower. Employment and training to develop skill manpower until our tenure, 27 TTC centers have taken over and start with Kurigram, Gaibandha youth development training center, Nilphamari youth training center from 16th Sept. 2007.
- Applied to Ministry of Commerce to transform BIFT into a University
- During my tenure approximately 15,000 manpower were trained and ensured their career path by securing them with jobs

Although I can keep going on about the achievements of the presidents of BGMEA, one thing I can say is that being president of the BGMEA all leaders during their period every single one has tried their best to add strength to our trade through policy support. All in all, these efforts are made to help all garment makers to continue their businesses successfully and ultimately, contribute to our nation's economy. We pray and hope, Insha-Allah that this trade will continue to grow further in the next decade and beyond. I do salute each and every entrepreneur and factory worker for their continuous effort to make this industry what it is today. 



JOURNEY OF RMG IN THE EYES OF INDUSTRY LEADERS

As a war torn nation, when Bangladesh started its journey from the 1971s, there were ample opportunities of development, but none was readily possible neither easily achievable. As a nation, addressed as a “bottomless basket”, the journey to becoming a role-model of development, was not an easy one, but in all means, the readymade garments industry had played its most vital and pivotal role in it. There are thousands of stories behind the progress of this industry. Through the relentless efforts of all stakeholders, Bangladesh is positioned as the second largest apparel exporter in the world. For the constant development and growth of this sector, the role of the Bangladesh Garments Manufacturing and Exporter’s Association, BGMEA, remains critical. For over 40 years, the successive leaders of BGMEA played vital roles in shaping and guiding the pathway of the industry. After being an active part of this association for over two decades, in 2009, I had the immense pleasure to serve the industry as the President of BGMEA, after a landslide victory with my whole panel, at a turbulent time, which remains a significant part of my life.

I took the responsibility in March 2009; it was a time when the collapse of the Lehman Brothers triggered the global economic recession which was severe after the great depression in 1930. For me it was the priority to ensure protection for our industry - our export and workers. While I look back and reminisce my tenure, I see feel proud of how wonderfully my whole team had coordinated and worked so hard to ensure the needs of the sector were met.

On the one hand, we gave our full efforts to fight out the economic crisis, on the other hand we faced situation like minimum wage increase in 2010 and its effective implementation, while continuing our long-term endeavour to explore new markets, ensure better market access and served to based the foundation of a sustainable industry.

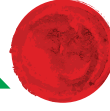
It is a matter of sheer pride for my team that despite all the hurdles in local and international context at that time, the highest export ever recorded in the RMG history was 43% in FY2010-11. I would like to express my gratitude to our Honorable Prime Minister Sheikh Hasina for standing strong beside the industry with unprecedented support and stimulus. It was just in 2009 that she was elected she formed a new government for the 2nd term in that challenging time and our development requirements from the government’s side, was ample, for which we sought her assistance throughout. . The

**Abdus Salam
Murshedy, MP**
Former President, BGMEA &
Managing Director, Envoy Group



most initial step taken to safeguard the RMG industry from the impact of the recession was when BGMEA submitted a proposal to the government, and we had a series of meetings with the then Finance Minister Abul Maal Abdul Muhith, Finance Secretary, and many other stakeholders. Finally, the stimulus package for the RMG industry of Bangladesh was approved which extended to the exemplary supports like incentive for small and medium factories, special rebate on electricity bills, reduction of license fee on captive generator, and so on. Besides the bargaining stand we placed, HPM Sheikh Hasina had been very generous in supporting this sector in whichever form we had requested as she had observed how this sector had been the backbone of the economy of Bangladesh and foreseen a brighter future nonetheless.

For simplifying business, we took initiatives that resulted in reducing the Customs Bond Commissionerate documentation requirement in 22 areas. We also successfully lobbied to reduce VAT on space rent for SMEs, PC rate was fixed to 7%, scanning charge of FCL



and LCL was reduced, export bill commission was reduced from 0.15% to 500 taka, and so on. BGMEA was conferred with the authority to issue Country of Origin certificate in April 2010, which came as a great help to our member factories. A unique policy intervention was made as per the instruction of HPM to encourage market diversification. An incentive package for the RMG industry was initiated in the FY 2009-10 to encourage exports to markets other than EU and North America. It was a historical step as a result of which our exports to the non-traditional markets reached US\$5.69 billion from US\$848 million in FY 2008-09. In furtherance of such an incentive, BGMEA, for the very first time, had resorted to organizing several trade missions, names Scoping Missions. It was organised in countries like Mexico, Brazil, Chile, Argentina, China, Japan, and India. As a follow-up of the scoping mission to the Latin American markets, we submitted a report to the then honorable Foreign Minister Dr. Dipu Moni in person and apprised her about the potentials. We urged the importance of opening the embassy of Bangladesh in South American countries as well as to have Embassies of those countries in Bangladesh to support trade. I am very delighted to mention that today Bangladesh has a mission in Brazil and Brazil has also opened Embassy in Bangladesh.

A major point of concentration was our sick factories, which had not been emphasized on in the past. One of my major goal was to bring them under a classified umbrella and provide them possible support packages to ensure swift functioning and growth in the coming years. Through our solemn initiative, BGMEA and the Government jointly identified and listed 270 sick factories, and the Ministry of Finance and Bangladesh Bank issued revolutionary guidelines for rescheduling

loans for rehabilitation of the sick factories.

Apart from that, through our active efforts internationally we have earned several preferences during that time. At the beginning of 2011, the European Union relaxed its GSP Rules of Origin from two-stage to one-stage which has significantly helped our woven sector to further thrive. For that our woven export reached US\$ 17.24 billion in FY2018-19 from US\$ 6.01 billion in FY2009-10. Similarly, Japan also relaxed its rules of origin to two-stage from three-stage in 2011.

We also prioritized skill development for our industry. In collaboration with the Bangladesh Rural Development Board and the Department of Secondary and Higher Secondary Education, we undertook a project titled "Tungipara-Kotalipara" to produce skilled human resources on a Public private partnership basis. We also took initiatives to ensure the inclusive job in the RMG sector in collaboration with the Center for Services and Information on Disability (CSID) and the Social Development Foundation (SDF). We created employment for the disabled people and also for the extremely poor in North Bengal. Proper education background from the very root level was very crucial and the transition of BIFT to a university, that is BUFT, was also approved by the UGC at that time, which further strengthened the whole chain of creation of strong mid level management skills in the sector.

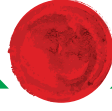
We recognized the importance of a better industrial relations and well being of our workers. So for the first time I took the step to organize the music talent hunt program "Gorbo" for the RMG workers. We also organized fair for the garment workers in Dhaka and Chattagram. We established a worker welfare center and a health center in Ashulia. Besides, we also opened two schools for the children of the workers in Gazipur and

Ashulia. Industrial Police was established at that time.

To make the RMG industry environmentally compliant, we initiated SEDF-BGMEA- BEOGWIOA Environmental Compliance Program. During my presidency ETPs in 64 garment factories were established which started a very positive trend in the industry. I had personally engaged in visiting a few and was mesmerised y how our sector is eventually evolving by adopting the best practices of that time

I have been a part of this industry ever since 1983. The passion I feel in developing in this sector is compared to none other. I have been persistently adamant when it came to working towards the betterment and continuous restructuring of the industry to match the changing world market trends and demands. Today I am so proud to see the industry is transforming to a sustainable path, and all my sincere and humble initiatives paid off.

In the past 40 years, the RMG industry of Bangladesh has leapfrogged to its excellence and the journey has been a memorable one for sure. Our export earnings reached 34 billion dollars. Currently, Bangladesh's RMG industry is a role model of safety and environmental sustainability to the world. Nevertheless, this sector has been facing challenges one after another, COVID being the latest blow. Together, however, we have turned back and stood up again facing all odds and showing the world how we can make negatives in our favour. The new generation is working so hard to ensure that the standards are met, and I feel so proud to see them grow and shine. Our journey to excellence has never been and will never be stopped. To all these years in this industry, I feel humbled by what I have received, and my only wish is forever be remembered as one of the pioneers who had provided some of the best initiatives to this industry from the day I started, until today and till the day I live. 🇯🇵



JOURNEY OF RMG IN THE EYES OF INDUSTRY LEADERS



On the occasion of the 50th anniversary of Bangladesh's independence, The BGMEA's Apparel story publication is releasing a special edition.

Alas, after a long journey of trials and tribulations, we are here today celebrating 40 years of the Apparel industry and the Golden Jubilee of Bangladesh

To begin, I pay my deepest respect to the Father of the nation Bangabandhu Sheikh Mujibur Rahman, the greatest Bengali of all time along with the 3 million martyrs and 200,000 women whose lives and dignity were sacrificed at the atrocities. I salute them with highest respect.

After the partition of India in 1947, two countries were formed - India and Pakistan. The Father of the nation soon realized that the West Pakistanis were not doing justice to the people in the East – the Bengalis. The state of affairs in West Pakistan was turning unholy in a multitude of ways against the East. To suppress the spirit of our Bengali nationalism, Urdu was forcibly imposed as the state language by Mohammad Ali Zinnah, whereas majority of the people in the East were Bengali speakers. With the oppression against our "mother tongue", a cry for language movement started to lure in the East with young Sheikh Mujib being one of the leading activists of the movement at that time. Such bold moves eventually led to the arrest of Sheikh Mujib, and the loss of lives of heroes including Rafiq, Salam, Barkat, Jabbar.

Overambitious and autocratic leaders were fraught within the East Pakistan government and they benefited all the way. Their nonchalant rule, abuse of power, lack of economic planning or foresight, and discrimination lead to the suffering and revolt in the East.

In 1954 the first provincial general election of the East Bengal Legislative Assembly was won by the coalition government which was formed by the Awami Muslim league, the Krishak Sramik Party and the Ganatatri Dal with an absolute majority of 215 seats. Further conspiracies were ushered by the overthrown Muslim league leaders. Their schemes debilitated the rule of Suhrawardy and Fazlul Huq and they were not able to function to their best.

This led to General Ayub Khan, the then President of Pakistan, declare martial law and took control of the country. Huseyn Shaheed Suhrawardy then passed away and Mawlana Bashani left Awami league.

Bangabandhu Sheikh Mujib took the responsibility of the party at that crisis moment and devoted himself to establish the rights of the people in the East. He won the heart of the people through his charismatic leadership. Undoubtedly the Pakistanis did not like this, and Mujib was targeted and eventually was kept in prison frequently (spent a staggering 4,682 days in jail).

The Awami league launched the 6 Points movement in 1966 in a bid for greater autonomy in East Pakistan succeeded by the 11 Points program led by the student

**Md. Shafiul Islam
(Mohiuddin), MP**
Former President, BGMEA &
Managing Director, Onus Group



leaders demanding the resignation of President Ayub Khan.

The Agartala conspiracy sedition case followed shortly in 1968 against the Awami League leaders accusing conspiracy with India to destabilizing Pakistan. These led to the uproar of the Bengali people and the flare of revolution filled the air. The mass uprising of 1969 led to the movement for the freedom of all political prisoners. Bangabandhu was finally released and Ayub Khan was replaced with General Yahya, another military junta. The national and provincial elections then took place with a strong win by the Awami league, led by Sheikh Mujibur Rahman.

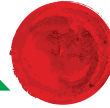
General Yahya and Zulfikar Ali Bhutto began a conspiracy to prevent the power from being handed over to the Awami League. They were power hungry people, so much so they began assaults on unsuspecting and innocent Bengali Civilians.

Then the historic 7th March approached and Bangabandhu delivered his historic speech at the racecourse ground. He said:

“এবারের সংগ্রাম আমাদের মুক্তির সংগ্রাম-এবারের সংগ্রাম স্বাধীনতার সংগ্রাম। জয় বাংলা”

“This time the fight is for our freedom, this fight is for our independence.”

March 26, 1971; Sheikh Mujib was arrested, but as per his call for freedom all Bengalis joined the fight for liberation. After a 9 month bloody war, Bengalis got the



victory on 16th December. We got sovereignty, we got our flag and language.

When Sheikh Mujib was freed from the Pakistani jail and returned to the motherland in January 1972, he found that the whole country was burnt to ashes. There was no food, no infrastructure, and economy was shattered. But he had the confidence in his people and a vision. The vision was the economic emancipation and rebuilding the nation from scratch.

Sadly enough, conspiracies started to brew and he along with all his family members who were at home were assassinated in cold blood on 15 August 1975 by the derailed and miscreant army officers. We will always mourn this day.

Military Junta ruled the country towards further destitution and the country started to collapse. This prevailed for another 21 years until the daughter of Bangabandhu, Sheikh Hasina returned from exile in 1981. She rejuvenated Awami League and won the national election proving her courage and love for the people. The spirit of democracy and independence was revived once again and she began building Bangladesh to fulfill the dream of Bangabandhu for a poverty and hunger free nation.

Bangladesh today is known as a “development surprise” by Western scholars with rapid improvements in nearly all social and human development indicators. It is a matter of great pride that Bangladesh, which fought and won its flag against Pakistan, now has overtaken that country in terms of per capita income, nominal GDP, export earning, foreign currency reserves and human development index (HDI).

Over the past five decades, Bangladesh achieved steady economic growth and a significant contribution was made by the readymade garment sector. The journey of the industry has been a long and bumpy one. Our courageous and far sighted entrepreneurs such as Mr. Reazuddin of Reaz Garments and Mr. Md. Humayun

of Paris Garments were the pioneers who set the base for this industry through their vision, passion, patriotism and hard work.

Reaz Garments and Paris Garments initially faced a number of obstacles including customs issues, lack of banking support and others. As the economy got its much needed footing on this industry through forex earning and employment generation, the industry faced waves of challenges including child labor elimination, MFA quota phase out, global recession and workplace accidents like Tazreen fire and Rana Plaza building collapse.

Our leaders especially Mr. A. M. Subid Ali, Major General M. Khalilur Rahman, Mr. Noorul Quader Khan, Major A. Mannan, Mr. Mohammad Fazlul Azim, Mr. M Shamsur Rahman, Mr. A. K. M. Salim Osman MP, Mr. Mohammad Mosharraf Hossain, Mr. Redwan Ahmed, Captain Anisur Rahman Sinha, Mr. Mostafa Golam Quddus, Engineer Kutubuddin Ahmed, Mr. Quazi Moniruzzaman, Mr. Annisul Huq, Mr. Tipu Munshi MP, Mr. S. M. Fazlul Hoque, Mr. Anwar-Ul-Alam Chowdhury (Parvez), Mr. Abdus Salam Murshedy MP, Mr. Md. Atiqul Islam, Mr. Siddiqur Rahman, Dr. Rubana Huq and, presently Mr. Faruque Hassan and Mr. Mohammad Hatem have all contributed significantly in the changes of the whole business landscape to make it an industry of 34 billion dollars export earner. The successive leaders initiated policy reforms with the help of the government such as the bonded warehouse, back to back LC, fiscal incentives and even led the movement of Hartal free RMG sector which helped the industry to grow.

We have successfully established the importance of the RMG industry which is no more the properties of individuals only; the industry is a national asset driven by millions of workers, mostly women. The industry has helped to alleviate poverty and is the pioneer of women's empowerment.

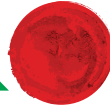
As the industry aspires to grow further, many challenges

still prevail, a few mentionable are - long lead time, efficiency gap, lack of product diversification, high dependency on cotton products, adapting to fast changing technologies and connectivity. The graduation from LDC, which is a pride for our nation, also comes with a set of new challenges especially in the area of market access.

Improving ease of doing business and training up of workers and mid-management professionals are crucial for the sustenance of the industry. Hence, it is important to focus our efforts towards proper training and education. Our industry has been a Goliath for the Bangladesh Economy and its growth; we hope that it can continue to succeed in the same way for years to come.

We have to make business easier, remove red tape and make policies stable so that more employments can be created. We have to produce efficient and dynamic managers with versatile capabilities to lead our enterprises to MNCs. That's where we need to pay more attention. Our industry has to make proper planning preparedness to sustain after LDC graduation when the current tariff preferences will be withdrawn or shifted to GSP+.

The 50 years journey as an independent nation and all the accomplishments we made so far suggest that our entrepreneurs will emerge taller in meeting the challenges with foresight as much as also with responsibility. Honorable Prime Minister of Bangladesh Sheikh Hasina is making all the efforts to fulfill the dreams of the Father of the Nation. We, as an industry, are trying to complement it from our humble position. We have great confidence in our Honorable Prime Minister who is sympathetic and ever supportive to the industry. Whenever we fail to resolve any issue, She is the one whose door is always open for us, and the one who patronizes and facilitates the need of the economy and the people with her prudence and pragmatism.



JOURNEY OF RMG IN THE EYES OF INDUSTRY LEADERS

Made in Bangladesh. What does this phrase mean to us as a community, as a nation? Throughout our history, we have demonstrated our will to rise from oppression and to fight injustice. We are the only nation in the world who have fought for our language. Our freedom as a country was hard-earned and cost us millions of lives of our own men, women and children. As our country was birthed, so too was our courage, our spirit and our resilience. Bangladesh's apparel industry is one such story of resilience. Our RMG sector has all but flourished in an emerging economy, supporting our national GDP by approximately 18%. It began from almost nothing in the 80's – think dingy offices and converted, shared multi-purpose buildings – barely anything was planned or regulated. Despite not having a vertical setup for raw materials, we have now become the second largest apparel exporter in the world. In fact, a historic moment

for this country happened when I was serving the BGMEA Board as a Director. After the introduction of the 1994 Harkins Bill in the U.S. Senate eliminating child labor, we made an unprecedented success in preventing child labor from the industry in 1995 and rehabilitated them through the Earn and Learn program. This model became so successful that many countries in the world later replicated it.

However, we have not come this far without facing great challenges, including those that affected the lives of the people who are the backbone of this industry – our workers. These men and women have worked tirelessly through days, nights, years and decades to deliver our products, meeting deadlines, learning new skills and techniques, and committing their heart and soul into this work. Our workforce is our greatest strength, which is why tragedies like the fire at Tazreen Fashion and the collapse of Rana Plaza were not only heartbreaking and cruel, but shook the world.

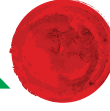
On March 25th, 2013, I received the humble opportunity to serve this industry as the President of BGMEA. At the time, Bangladesh was already reeling from the disastrous effects of the fire at Tazreen Fashion, resulting in the urgent need for safety and accountability in our factories. A month later, Rana Plaza collapsed. The loss and injury to the lives of thousands of our workers was deafening. We needed to take immediate action to make sure something like this never happened

ever again. Our workers deserved better from us – we had failed them greatly by not ensuring safe working conditions. There was a lot of criticism from the international community; the label 'Made in Bangladesh' became almost taboo, close to being rejected and boycotted. I knew that unless we took steps in the right direction, this sector would fall, leading to widespread unemployment and poverty.

Thus began a broader collaboration between the industry, our government, the ILO and local and international labour associations, as well as with brands and other development partners. We all came together to raise donations to compensate the victims and their families. Our government charted out a National Tripartite Plan of Action (NTPoA), where each and every RMG factory was inspected to determine the effectiveness of fire, electrical and structural safety. Accord and Alliance were formed as massive initiatives to standardize and equip safety in factories in Bangladesh. Slowly, we rebuilt this industry's infrastructure, and ushered in a paradigm shift. A zero tolerance approach was established towards factories that did not abide by or remedy their safety standards.



Md. Atiquil Islam
Honorable Mayor, DNCC
Former President, BGMEA
& Managing Director, Islam Garments Ltd.



Factory inspection reports were disclosed publicly online to foster transparency and accountability, setting a unique example globally on the issue of workplace safety and as a result, Bangladesh emerged as one of the safest and most transparent RMG manufacturing countries.

I must express my deepest gratitude to the Honorable Prime Minister Sheikh Hasina, who guided us in that critical time. Whether morning or midnight, she was always there to help and support us. Under her excellent leadership, Bangladesh's labour law was amended in 92 days, which was globally highly appreciated. Personally, I remember her grief and concern towards the victims, as she ensured that each and every victim was fairly compensated.

I must also thank all the members of BGMEA, especially all the past-presidents who extended themselves and their resources to help me navigate the aftermath of Rana Plaza towards creating a better industry. I am also grateful to former President and Mayor of DNCC, the late Anisul Huq, whose sincere efforts helped me through that difficult time. Everyone came together to help change the narrative of Bangladesh to ensure the well-being, dignity and safety of our workers – our slogan was, "Made in Bangladesh, with pride."

During 2014, when our efforts to create a safe industry were repeatedly confronted by a hostile political climate, I led a hunger strike to demand an economic

environment free from political violence. I am proud to say that every single business association joined with me, including FBCCI, BKMEA, BTMEA, Dhaka Chamber of Commerce and Metropolitan Chamber of Commerce. Moreover, when the opposition party blocked the road to Chittagong, our Honourable Prime Minister instructed law enforcement to clear the roads so that goods intended for export reached the ports on time. It was a historic moment for us, where we united to bring peace and prosperity to our industry.

Lastly, I am now pleased to recall a particular initiative that was very important to me. The Dhaka Apparel Summit of 2014 was the first event of its kind, inaugurated by Prime Minister Sheikh Hasina. The goal of this event was to share the story of progress of Bangladesh's RMG sector and establishing workplace safety. I wanted to send a message to the world, that Rana Plaza did not represent our industry. The Summit contained an overwhelming presence of 6000 audience members from all around the world. Modern equipment and technologies on fire safety, building safety and electrical safety were showcased and demonstrated. Through nine sessions in three days, 84 local and foreign speakers, experts and diplomats discussed about vital and pivotal areas to work on and also highlighted Bangladesh's progress since Rana Plaza. As part of the Summit, I arranged visitations for 25 foreign experts and academists to ten garment factories, to see

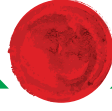
for themselves the progress and achievements of Bangladeshi factories. I want to quote an email from a distinguished scholar who made a keynote speech at the Summit –

“The trip was a wonderful experience, teaching us a great deal about Bangladesh and the garment industry. Working in coordination, Bangladesh can become the leader among all the countries making garments in South East Asia. The visit was memorable, and we thank you for opening our eyes to the remarkable story of the Bangladeshi garment industry.”

- Arnold M. Zack, Harvard Law School.

Challenges will always be there. In fact, without challenges, we will never have growth. Currently, we are facing unprecedented complications brought by the Covid-19 pandemic. But it was our courage and spirit that led us through the dark fifty years ago, and it is our courage and spirit that will guide us now. Like Bangabandhu Sheikh Mujibur Rahman said in his historic speech of 7th March, 1971: “সাড়ে ৭ কোটি মানুষেরে দাবায়ে রাখতে পারবা না” (You can't keep 70 million of people subjugated), the spirit of unity will always be in our hearts, making us forever resilient.

We are made in Bangladesh, with pride.



JOURNEY OF RMG IN THE EYES OF INDUSTRY LEADERS

Before commencing, today I first and foremost remember Bangabandhu Sheikh Mujibur Rahman, the father of the greatest Bengali nation of all time who gave us a map, an independent state and a flag for which today I can write. When Bangabandhu was gradually bringing prosperity and dynamism to the war-torn country, a number of endangered soldiers brutally killed Bangabandhu and Bangamata Fazilatunnesa Mujib and their infant son Sheikh Russel on the black night of August 15, 1975. Today, I am deeply and respectfully remembering the 4 national leaders and 3 million martyrs and wishing for the forgiveness of their departed souls. I also remember the Honorable Prime Minister of Bangladesh and the worthy daughter of the Father of the Nation, Sheikh Hasina, whose single leadership shows us the dream of building a strong country. Even in the darkest days of a nine-month-long war sparked by the declaration of independence by Bangabandhu Sheikh Mujibur Rahman against a formidable foe, a people's unwavering hope of breaking the shackles of tyranny lit the way forward. Against all odds, the ultimate triumph was earned on

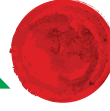
Dec 16, 1971 with the surrender of the Pakistani occupation forces, crystallizing Bangladesh's emergence as an independent nation. Bangladesh is now 50 years old and as a member of this generation. This year the country marks 50 years of victory in the Liberation War against Pakistan, with its sight firmly set on a golden future. And as the red and green flies proudly across Bangladesh and the world, it continues to serve as a testament to the nation's resolve to resist and fight back against oppression, no matter its form. The readymade garments industry in Bangladesh is the largest manufacturing sector and one of the most important GDP contributor in the country. Today, Bangladesh is the world's second largest readymade garment exporting country, generating approximately \$34 billion in export value every year. The garment industry of Bangladesh has been the key export division and a main source of foreign exchange for the last 25 years. At present, the industry provides employment to about 4 million workers of whom 60% are women. If we look back it comes in front that in the years 2016-2017, 2017-2018 & 2018-2019 the export performance of our ready-made garments were 28.15 billion USD, 30.61 billion USD and 34.13 billion USD respectively. In calculation of percentage, the percentage of ready-made garments export in total export in these years were 81.23%, 83.49% & 84.21%

respectively. During my tenure, we focused on simplifying the business process for our industry and earning the confidence of global brands to source premium products. In accordance with that, the factories were preparing themselves for the next leap forward. In-house design development, presentation of collections to buyers, investments in high value-added production capacity, etc. were happening in our apparel industry. There had been significant capacity-building in the area of yarn and fabrics manufacturing, especially for knitwear items. Around 80 percent of our knitted fabrics are produced in Bangladesh. Denim production capacity got a significant boost. Almost 50 percent of the demand for denim fabrics by our export-oriented garment industry is being fulfilled by our local denim mills. Besides, Bangladesh produces almost 100 percent of its accessories needed locally. We encouraged foreign investments in the area of high-value-added items, non-traditional apparel items and in the primary textile industry, especially woven textiles. One of the amazing features of Bangladesh's

Md. Siddiquir Rahman

Industry and Commerce Secretary, Bangladesh Awami League
Former President, BGMEA
& Chairman, Sterling Group and Laila Group





apparel industry is that more than 95 percent of investors are local. We understood that the garment industry in Bangladesh had a clear prospect to grow further. This indicated the need for planned industrial zones where factories could be set up. SEZs would be a vital factor to make garment industry flourish further in a more organized way, resolving the issue of land availability to a significant extent that was merely solved phase by phase.

We made tremendous progress in safety and sustainability in this industry. The digital map empowered stakeholders across the industry including factories, retailers, as well as the government by establishing a better understanding of the industry and helping the users with real-time information. This was a major step to ensure transparency in the industry. Rana Plaza is an unfortunate part of our history, but we took it as our turning point. Since the accident, we took unprecedented steps to reform the industry factory by factory. Global brands and retailers and development partners like the International Labour Organization (ILO) joined hands with our government and industry associations for that reform process. The joint efforts helped complete inspections in all of our export-oriented garment factories in the area of structural, electrical, and fire safety. Risky factories were closed down, and the remaining factories were carrying out remediation activities. So our success was unprecedented and recognized globally. We emerged as the most transparent apparel manufacturing country in the world in terms of workplace safety standards, as the inspection reports of each of our factories were publicly accessible on the internet. Moreover, our factories took leadership in environmental sustainability. At that time, in all, 67 apparel factories in Bangladesh were LEED-certified by USGBC, and 220 more registered for certification. We

achieved 13 Platinum LEED-certified textile and apparel factories in Bangladesh, which included the world's highest-ranking factories. Furthermore, the global brands who competed with each other every day, joined hands together to work for the greater cause of sustainability through the formation of the Bangladesh Accord for Fire and Building Safety (Accord) and the Alliance for Bangladesh Worker Safety (Alliance). This was unique in the world, and this revealed the commitment of global brands to Bangladesh. The progress was impressive. All the stakeholders were cooperating with each other. The remediation activities in all factories were completed by the end of 2018.

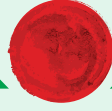
We were also focusing on product and market diversification, moving to high-end items gradually. Infrastructure and skills development were our priorities. The government of Bangladesh under Honorable Prime Minister Sheikh Hasina worked to create a more favorable and investment-friendly environment in the country and to reduce the cost of doing business. Still, Her visionary leadership is giving our economy the crucial direction to become a developed nation by 2041. We engaged with our government, buyers, and development partners and run a number of projects like Partnership for Cleaner Textiles (PaCT) and Towards Resource Efficiency & Environmental Sustainability (TREES). We also organized knowledge sessions and promoted sustainability issues like water, energy and chemical management among others.

I proudly say, in my tenure the garment industry did not face any labor unrest, rather introduced extracurricular activities like a football tournament named "BGMEA Cup" in association with r workers, mid management & owners that helped to maintain a good relation between worker and management.

Very outstandingly, showing respect to the verdict of the honorable High Court, I took initiative to shift the BGMEA building from Hatirjhil to Uttara as permanent building of BGMEA that was a desire of Honorable Prime Minister Sheikh Hasina. BGMEA has already started its official activities from there.

In my tenure tax at source was decreased to 0.25% from 0.60%, corporate tax rate was reduced to 12% from 35% and for green factory it was 10%, achieved waiver from VAT in four sectors, import duty was reduced to 5% on 56 items related to electrical and firefighting items, 50% import of raw material under FOC that was 33% in previous, increased EDF fund from 20 million USD to 25 million USD, new gas & electricity connection and increasing load capacity, training workers and staff under SEIP, STEP & BGMEA-EPB workers and Management Skills Development Project, relaxation of ETP conditions, Training on Chemical Management, keeping the ports & customs open for 24 hours, implementation of getting Certificate of Origin from BGMEA, achieved Certificate of merit from National Board of Revenue, took initiative to establish Mirershorai Garments Park, introduced biometric database for the workers, established mobile testing laboratory etc. which were remarkable for the garment industry.

1971 to 2021 is a long journey. The country has progressed so much in these 50 years. There are a few hiccups which are common for every growing nation. Development never ends, it's a continuous process. I believe in greater prosperity of the country in the future. ^A



Bangladesh achieved a lot, still a long way to go for economic emancipation as dreamt by Bangabandhu

Serajul Islam Quadir

From 1971 to 2021 was a long path for a nation to achieve economic emancipation that Bangladesh can boast proudly. We can remember humiliating remarks from Henry Alfred Kissinger, the then Secretary of State of the United States of America, who termed Bangladesh as a “bottomless basket” immediately after the country’s independence in 1971 through a 9-month war with Pakistan. Some global economists had expressed doubts about the viability of the new country in the long run.

At 50, Bangladesh today is a textbook case of success story on many fronts, a development wonder to many.



Bangabandhu Sheikh Mujibur Rahman speaks at a crowded press conference at London’s Claridge’s Hotel hours after his arrival in London on January 8, 1972 following his release from Pakistani prison (January 8, 1972).

After many upheavals and downturns since independence, Bangladesh has now embarked upon an ambitious journey towards development and prosperity. It is no longer a dream for us to become a developing nation as we have already secured the final recommendation from the United Nations (UN) for graduation from the status of a Least Developed Country in 2026.

Bangladesh has already proved its capability in different fields, especially in the areas of agriculture, ready-made garments, pharmaceuticals, shipbuilding as well as small and medium enterprises.

After attaining geographical freedom, the struggle of Bangladesh is now for economic emancipation as emphasized by Father of the Nation Sheikh Mujibur Rahman, popularly referred to as Bangabandhu.

The Bangalee nation had fought against oppression and deprivation of Pakistani rulers for 24 years under the undisputed leadership of Bangabandhu. After the independence, he started the daunting task of rebuilding the war-ravaged country. In his brief three-and-half years’ tenure, destroyed roads, bridges, culverts, railways and ports were rebuilt and put back to work to revive the economy. The war-torn Bangladesh was listed as a member of least developed countries.

Hard efforts for the last 50 years have put Bangladesh

on a strong footing with spectacular socio-economic progress. Under the able leadership of Honorable Prime Minister Sheikh Hasina since 2009, the country has been on a journey towards the next phase of development.

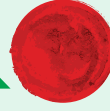
The poverty rate has come down to 20.5% from 33.4% in the last 12 years. Famine is a thing of the past as the country is now near self-sufficient in rice. Its progress in producing egg, meat, milk, fish, vegetables and fruits is also remarkable.

Today, the benefits of ‘Digital Bangladesh’ have been expanded from urban to remote village level. The present government has brought 99% of the people under electricity coverage. To keep the economy going, offsetting the impacts of Corona virus, Bangladesh spent 1.87 lakh crore taka, under 28 stimulus packages.

Bangladesh is now capable of looking beyond short-term development plans and venturing on long-term missions like a 100-year ‘Delta Plan 2100’ – first of this kind in the world.

The persistent efforts of the present government for the last 12 years put Bangladesh on track in achieving most of ‘SDGs-2030’ and ‘Vision-2041’.

At the Golden Jubilee of independence, Bangladesh is now a growing agricultural and industrial powerhouse in South Asia.



“Fast-growing economy”, “emerging economy”, “Asian tiger” are only a few of the buzzwords often used to describe Bangladesh’s success. From an exporter of raw jute, rawhide and tea in ‘70s, Bangladesh is now a major exporter of manufacturing goods. In apparel exports, the country is second only to China.

In remittance earning, our workforce all around the world scored well even during the Covid-19 pandemic. The money they sent home contributed to foreign currency reserves. School enrolments have gone high, with girls outperforming boys in public exams.

We had achieved 8.15% GDP growth before the Covid-19 pandemic and saw a positive growth even during the pandemic, when most countries had negative growth. Bangladesh is outdoing its peers in the region in some social indicators.

These are among our achievements as a nation-- definitely big gains that we must be proud of.

But we cannot afford to be complacent, because it took us half a century since our independence to reach here. Even in Asia, there are countries which performed much better than us during the first few decades of their independence.

A senior development economist believes that the people’s aspiration and spirit have its roots in our War of Independence, which changed the psyche of the nation from fatalistic to inspirational.

The readymade garment industry is an example of how individual efforts have turned a single developing domestic sector into one of the world’s leading industries over the decade, compelling the government to continue creating more supportive policies.

The same thing is happening with the information and communication technology (ICT) sector. Entrepreneurs are now enjoying policy support from the government, though the sector still has a long way to go and a lot more to ask for.

Individual efforts are needed, but these are not enough to proceed further. Apart from supportive policies, facilitating infrastructures and logistics have to be put in place to get high hanging fruits within reach.

However, the government has taken up a series of large infrastructure projects. Work on the Padma Bridge is in progress. Megaprojects like metrorail, expressway, Karnaphuli tunnel, deep seaport are underway, while a high-speed train line is in the plan. Such infrastructures are vital for future growth.

Another most important instrument is digital connectivity. 3G, 4G, 5G are buzzwords now. Youths of the day need high-speed Internet. The government needs to ensure quality internet service at the lowest possible price in towns and villages.

Our economy is now on the recovery path despite a fear of a fresh surge in infection from a new variant- Omicron. Our people braved the deadly virus and went back to work. That saved the economy from falling further. Resilience is our strength – a safeguard in time of needs. We left famine behind, we learned to fight and live with disasters. Now we need to sustain our growth, while proceeding further.

After 50 years of independence, now we need to relook at both our achievements and failures.

Government policies must be updated and made more business friendly. Hard work of the private sector enterprises must be backed by support from the



Bangabandhu Sheikh Mujibur Rahman returns to Bangladesh after a successful visit abroad. One of his closest compatriots, Syed Nazrul Islam, is unable to contain his excitement and receives him on the stairs of the airplane itself.

government.

There is a revolutionary change in our economy during the last 50 years as now we shifted to an industry based economy from agriculture. Our industrial sectors have given highest priority to augmentation of productivity.

After the independence, West Pakistani entrepreneurs and management fled Bangladesh with all their wealth, skills and logistics, and the newly born Bangladesh faced a tremendous crisis. The war-ravaged nation had not a private sector capable enough to run large industries on its own. Moreover, the post-independence economic policy was aligned toward socialist bloc because of the geopolitics of those days. Therefore, the government had to nationalize the large scale banks, insurance companies, jute mills, sugar mills and textile mills.

It was a stopgap arrangement as a cushion for the



Bangabandhu Sheikh Mujibur Rahman with his parents and family.

economy until the growth of local entrepreneurship. Bangabandhu's vision was to create a congenial atmosphere to develop mills and factories as well as industries in the private sector in the middle and long run.

The Bangabandhu government soon realized that the

build and development of backward and forward linkage industries need to engage local private sector and integrate it into the economy. It took steps to build sound foreign exchange reserves and bring foreign direct investment.

In the budget for 1975-76 fiscal year, the then Finance Minister raised the ceiling of investment in the private

sector to 30 million taka from 2.5 million taka and also the government approved to build a number of new industries in the private sector.

Bangabandhu realized better that there are no better ways to create new employment and export income if his government did not assist in creating a time be fitting atmosphere to set up industries in the private sector and also make avenues to utilize domestic resources.

Compliance and decent workplace, workers' welfare --- these terms are being widely heard in talks about factory atmosphere. Bangabandhu had thought about workers' rights and productivity much before.

Once he said in one of his speeches:

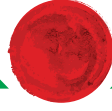
"All Labour Laws which restrict the basic rights of the worker must be repelled. They can be expected to make their full contribution towards increasing industrial productivity. Productivity in all sections of the economy must be increased to the maximum extent possible if we are to meet the needs of our society."

Thus, he laid the foundation stone for today's vibrant private sector and globally-recognized compliant factories.

Today Bangladesh is a role model of development. Still there is a long way to go for economic emancipation to bring real fruits of geographical independence to common people. **A**

The author of this article is a former Bureau Chief and Chief Correspondent of Reuters in Bangladesh and currently he is the Executive Editor of the American Chamber's Journal.





THE RISE OF READYMADE GARMENT INDUSTRY

ZAIDI SATTAR
Chairman

Policy Research Institute of Bangladesh (PRI)

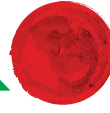
The rise of the readymade garment (RMG) industry in Bangladesh reflects the triumph of human potential. When a BBC reporter recently asked Professor Nurul Islam, head of Bangladesh Planning Commission in post-independent Bangladesh, whether they had visualized Bangladesh becoming No.2 exporter of RMG in the world, he replied in the negative simply because it was not something on the radar at all. Back in the 1980s readymade garment production was not even remotely a thrust (priority) sector. Cotton-producing economies with large textile industries, like Egypt, Pakistan and India, appeared to have a clear advantage in becoming major garment exporters. Instead, two decades down it was Bangladesh's turn to show the world what its workers and entrepreneurs, with the right policy support, can achieve in global competition. The upward march continues as garment production and exports rise year after year.

*Still a
Beacon of
hope for
Bangladesh*

Theoretical underpinning

True, Bangladesh's export success has been limited to one manufacturing product group – readymade garments (RMG) – but that is in itself a major transformation for an economy that began exporting only primary products like jute, tea, and shrimps in the 1970s.





Putting a densely populated developing economy on the world map of manufacturing exports was itself a validation of the fundamental proposition in international trade – gains from trade based on a nation’s comparative advantage which in turn is driven by factor (resource) endowments. It was strong confirmation of the time-tested principle of comparative advantage laid out by classical economists Smith-Ricardo-Mill¹. Apparel/garment making was a labor-intensive activity and Bangladesh’s abundant cheap low-skilled labor was just the resource needed to produce and exchange competitively in the world market. But that also needed creation of a level playing field in the world marketplace. That is where multilateralism and Bangladesh’s trade regime comes into play.

Garment Production Value Chain STAGES OF PROCESSING



To be sure, technological transformation is under way which could in the distant future alter the labor-intensity or capital-intensity of garment production but, for now, the final stage of garment processing remains labor-intensive, to Bangladesh’s advantage.

Policy innovation to note

Nevertheless, the emergence of our RMG industry must be cited as a case of policy innovation within an overwhelmingly high-tariff import-substituting regime. Reminiscing a bit of history is instructive at this point. In the late 1970s, a South Korean company, Daewoo, saw immense opportunities in partnering with a Bangladeshi firm, Desh Garments, in manufacturing readymade garments for export to the global market. Apart from training Bangladeshi workers, Daewoo brought the knowledge of creating free trade passage for export

production in the form of bonded duty-free imports of inputs in a high-tariff and restrictive import regime. Given the Bangladesh scenario, they realized that exports cannot take off unless it has access to world-priced (duty-free) inputs in order to be on a level-playing field with global competitors. Because, unlike domestic import substitute industries which can be compensated for duty-paid inputs through tariff protection to their output, export production faces zero protection in foreign markets and paying duties upfront on imported inputs undermines its competitiveness. It goes to the credit and farsightedness of Bangladeshi policymakers in those early days to embrace such a unique and unfamiliar policy of special bonded warehouse (SBW) for export. Yet, they took that leap of faith which has eventually produced an industry that Bangladesh can be proud of. What is not readily apparent to many is that RM G’s success is also the success of a unique policy that produced phenomenal results by global standards – 4 million direct jobs and another 4 million in linkage industries today and providing livelihood for some 10 million people in a poverty-stricken country. In view of this exemplary record, it seems paradoxical that policymakers would not draw the lessons from RMG success and try to replicate it in other export sectors. It is often argued that it would be practically impossible to monitor SBW facilities in firms that are not 100% export-oriented. Would that be a fair argument in this day and age of electronic/digital record-keeping and monitoring?

Trade policy dualism in Bangladesh

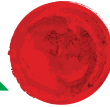
Exporters of Bangladesh are governed by different sets of rules depending on whether they belong to the 100% export-oriented RMG sector or the rest. The provision of special bonded warehouses (SBW) for stocking duty-free imported inputs, back-to-back letter of credit (LC) mechanism that facilitates imports of inputs on credit against master export LCs, and ‘green channel’ import-export customs clearance make RMG sector

operate in something of a “free trade enclave” in an otherwise high-tariff and restrictive import regime. While quotas under the now defunct Multi-Fibre Arrangement (MFA) gave Bangladesh RMG producers initial market access, that is not the whole secret of RMG success. I would argue, based principles of trade theory and policy, that it was the free trade arrangement that provided the right impetus for global success in an industry that fitted squarely with Bangladesh’s competitive advantage in low-skill intensive manufacturing. Other exporters (who are not 100% export-oriented) are not so privileged and must plough their way through the cumbersome tariff and duty-drawback regime often coupled with many burdensome regulations as well.

To be fair, there has been modest progress in granting SBW facility to some firms that produce both for exports and the domestic market. However, that is not treated as a rule but as an exception. Instead of accepting and embracing SBW in a high tariff regime as a cardinal principle for export success, the tendency to cling to a dysfunctional duty-drawback system in the hope of protecting revenue remains a major barrier to non-RMG export success and, hence, export diversification. Bangladesh could benefit hugely from a radical change in this policy area. Why?

High and persistent tariff protection is the problem. Trade economists have long argued that export performance and tariff protection are not mutually exclusive. Tariffs on import substitute production are indirect subsidies that undermine support to exports and create anti-export bias. Having carved out a virtually free trade regime for the 100% export-oriented RMG sector, by ensuring world-priced inputs through the SBW System, there seems to be too much internal resistance to the replication of this regime for the non-RMG exports. A trade economist would argue that the protectionist

¹ Refers to 18-19th century classical economists Adam Smith, David Ricardo, John Stuart Mill, who first articulated and formulated the theory of comparative advantage in trade.



lobbies appeared insurmountable to create an RMG-like regime for some 1400 (HS-6-digit) non-RMG export products that Bangladesh exported in 2018 and continue to do so thereafter. Consequently, despite evidence of potential comparative advantage, non-RMG exports got no traction, continuing to remain in the shadows of RMG exports that continues to dominate the export basket (84% of exports). The evidence is strong that these non-RMG exports which are not 100% export-oriented -- in the sense that its producers cater to the domestic as well export markets -- find profitability from the highly protected domestic markets relatively higher. Simple rule: if export price of a pair of shoes is lower than its price in the domestic market, the producer will not be interested in exporting. This principle holds for so many consumer products that are produced domestically but are protected by high tariffs that lead to higher prices

well above international prices. Thus export diversification remains stalled on the anvil of anti-export bias of the protection regime. Result: with all its flaws our claim to export success is built on the record of the readymade garment industry.

The enclave system

How come RMG is not affected by anti-export bias? The fact is Bangladesh's leading and most successful export sector – RMG – is virtually unaffected by the anti-export bias of the tariff regime. Why? From the very beginning, RMG industries evolved within a sort of “free trade enclave” that essentially neutralized an otherwise high

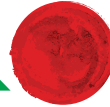
tariff regime through the institution of SBW to ensure duty-free imported inputs. Supporting facility of back-to-back LC system provided much needed access to working capital in foreign exchange. Later, once RMG became the leading export, it was given high priority for port clearance and other administrative processes. RMG industry thus developed as a 100% export-oriented sector, not in competition with other manufacturing geared to domestic sales. However, other exports were not as privileged as they had to cope with the high tariff regime while importing required raw materials and intermediate or capital inputs. The dysfunctional duty drawback system was no match to the SBW facility. Neither were export subsidies (5-25%) in comparison to high protective tariffs (56-113%), which were tantamount to indirect subsidies to import substitutes. So when non-RMG manufacturing producers compared relative incentives between exports and domestic sales, they

found relatively higher profits in domestic sales. That meant that whereas processing margins were close to free trade margins for exports, they were significantly higher for sales in the domestic market. This is how the trade policy regime reveals an anti-export bias for non-RMG exports thus discouraging emergence and expansion of new products in Bangladesh's export basket.

The sooner we can make our tariff structure reflective of a dynamic export-oriented economy the better our chance of diversifying our exports and fueling post-Covid economic recovery with a bustling diversified export-driven manufacturing sector that creates jobs and income to win the war on poverty. This is exactly the strategy laid out in the Government's 8th Five Year Plan (FY21-25). The good news is there are promising developments in the concerned ministries for rationalization and modernization of Bangladesh's tariff structure to bring it in tune with the dynamics of competitive global trade.

There is a widespread notion that the Government provides so much support to the RMG industry but others get nowhere near as much policy support. The fact is what RMG gets is exactly what is needed for any export industry: to be able to compete on a level playing field. Neutralizing import tariffs through SBW to ensure world-priced inputs is the first step in this exercise. All exports to succeed can rightfully claim this measure. PRI research confirms that despite the widespread presumption that export is highly incentivised by cash subsidies and other support measures, high tariff protection given to import substitute production raises profitability of domestic sales well above incentives given to exports. Result? The price an exporter receives for his/her product is much less than what the domestic market has to offer. That indeed is the crux of the trade policy dilemma in Bangladesh.

But all is not lost in a global economy that is constantly evolving. First, for non-RMG exports of Bangladesh, where export market shares are infinitesimal, demand is



not a constraint, ensuring export incentives and competitiveness are. Second, many of the non-RMG exports are just as labor-intensive as RMG and research shows several of them (e.g. footwear, agro-processing, plastics, etc.) are quite competitive (relative to close competitors) in the world market. Third, China has offered duty-free access to Bangladesh for over 90 percent of tariff lines with similar facilities already in Canada, Japan, Australia and New Zealand. East Asia and Pacific, with a market size of USD 22 trillion (larger than EU or USA) is now an export destination to fight for. RMG and non-RMG exports should be destined for this market in the near and distant future.

RMG prospects remain bright but export concentration creates vulnerability

Some might think we have come a long way since the early years of 1980s and it would be a good time to wind down the RMG industry and move to other sectors. That would be reckless as this industry still has a long way to go. True, starting with baby steps of a few million USD of exports in the early 1980s (only USD32 million in FY84), RMG exports have grown by multiples every year, and now rises roughly three times every decade (e.g. USD 4.3 billion in FY00, USD 12.5 billion in FY10, and USD 31.5 billion in FY21), with an average annual growth of double digits since 1990 (Table 1). Within the textile and garment sector, there are two developments to take note: (a) whereas knitwear was a small player until 2009, its share has risen to about equal with the woven garment exports; (b) a strong export-oriented (deemed export) backward linkage spinning and weaving textile industry (plus packaging and accessories) has emerged on the back of garment exports currently supplying about \$20 billion worth of yarn, fabrics and accessories to the RMG industry.

Existing RMG production capacities (4000 factories in operation or idle) are second only to China. With the exception of a few down years, double digit RMG export

growth continues and is likely to continue for at least another decade, despite technological evolution, given the fact that our export share is barely 6.5% of the global RMG export market of USD 500 billion. Global demand for apparel exports continues to witness (FY1980-2021) in tandem with global income growth. There are no two

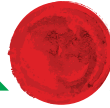


Source: PRI estimates based on EPB data

For most developing countries, with limited domestic markets, export growth can be the key driver of GDP growth. Bangladesh, which began its journey as a densely populated but resource-poor small economy, is a good example of how trade opened up markets, fostered growth, created jobs, and bolstered poverty reduction. Bangladesh was heavily dependent on its exports of jute and jute products (Fig.1) and has been successful in diversifying vertically towards the exports of readymade garments emerging as one of the leading exporting countries of RMG. Within the garment sector Bangladesh has gained strength in the low-end segment, out-performing the cost escalating competitors in China and India and is slowly making some inroads in the high-end segment of name-brand products. But export concentration has emerged as a formidable challenge to address and overcome. Although

Bangladesh successfully came out of the early years of primary export concentration in jute and jute products through a process of vertical export diversification, i.e. a process of moving from primary exports to manufactures, the economy seems to have fallen back into the concentration regime with RMG. The fact that over the past 25 years RMG exports have grown at an average annual rate faster than growth of non-RMG exports, -- and the trend continues, the result is a secular increase in the share of RMG leading to further concentration of exports. With some four million jobs and 83% of export earnings from the RMG sector, too much of the nation's fortune is riding on this one sector. Export concentration in readymade garments makes the economy, jobs and income, extremely vulnerable to external shocks arising from changes in global demand for RMG.

Over the years, the government has adopted strategies to facilitate more of the emerging exports, footwear being a notable success. The sectors that have high potential are agro-products and agro-processing products; light engineering products (including auto-parts and bicycles); footwear and leather products; Pharmaceutical products; software and ICT products; home textiles; ocean-going vessels; ceramics and toiletry products. Moreover, the Government has been selectively according bonded import facilities to more emerging exports (e.g. agro-processing, ship building). In future, this facility may not be limited to 100% export-oriented industries only but extended to industries producing for both domestic and export markets. Further, the Duty Drawback Scheme is expected to be revamped to ensure world-priced inputs to exporting firms without long lags and high transaction costs for reimbursements. Nevertheless, the dominance of RMG exports prevails. Yet there are two positive developments on the diversification front. First, within RMG, there has been growing diversification of products, from lower-end to higher end. And second, the performance of ICT,



leather, jute goods and footwear, if sustained over the longer term could provide the basis for strengthening the export base. Nevertheless, this is an area where further efforts are needed.

Some important non-traditional exports like footwear and leather products, light engineering products (bicycle and electronics), pharmaceuticals, ceramics, jute goods, plastics, and some labor-intensive products not yet on the export radar, are likely to grow at a much faster rate if the anti-export bias of trade policy can be removed. Export diversification should be a key objective underlying the strategy for manufacturing growth. Before the emergence of RMG exports, jute and jute goods dominated the export sector for many decades making up 70 percent of exports until 1981. By 1990, RMG exports overtook the traditional export, but its concentration in the export basket, which has risen to 83%, added a new dimension of export vulnerability. Export diversification has become a major challenge for future trade policy. While Bangladesh's export growth for the last decade and a half could be characterized as robust, a sudden decline in demand for Bangladeshi RMG would send shock waves throughout the economy. Such a prospect can be avoided through the creation of a diversified export basket.

With the labor cost advantage that Bangladesh enjoys, there seems to exist good prospects for extending into exports of labor intensive products other than RMG such as agro-processed industry, food products, other manufactures (e.g. electronics and auto parts) and assembly operations. By broadening the range of exported items and export destinations, diversification can stabilize and expand export revenues, enhance value added, and boost economic growth. Bangladesh experienced double digit export growth over the past two decades. Yet this superior performance is overshadowed by the fact that the increase was mostly due to one product group – readymade garments. The empirical analysis of export trends in Bangladesh reveal lack of product diversification which has remained

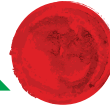


practically unchanged, if not slightly worsened, for the past two decades. This contrasts with progress in export diversification attained by most developing countries. Research suggests that some 60 percent of developing countries managed to diversify their export baskets to some extent over the past 25-30 years.

RMG exports in a strategy for post-pandemic economic recovery.

Bangladesh economy is slowly but surely recovering from the economic shock of the Covid-19 pandemic. Is

trade policy up and ready to cope with the trade-related developments and also provide the impetus to fuel rapid economic recovery once we have gotten a handle on controlling the virus and returning life to normalcy? In this backdrop, a revamped trade policy for stimulating post-pandemic economic recovery should take the following route, beginning with the recognition that we have essentially two trade policy tracks, one for RMG exports and another for the rest. RMG operates in a "free trade" enclave (zero tariffs), nearly immune to the high tariff and protection regime that creates significant



anti-export bias for non-RMG exports. That is the crux of the problem. This trade policy dualism has got to change. Unless trade policy for non-RMG exports is brought to par with RMG, export diversification has no chance. Until such time as we can unify the two tracks of trade policy, our only option is to revamp the twin tracks of trade policy for post-pandemic recovery, along the following lines:

First, the biggest challenge to export diversification comes from the high protection regime in the domestic economy. The problem with non-RMG exports (firms are not 100 percent exporters), like footwear, plastic, agro-processing products, light engineering, is that domestic tariff-induced protection is so high, making domestic sales so profitable, that exporting is not an attractive option. To get any traction on export diversification, this incentive system must be turned around. The over-arching challenge in future trade policy lies in making ALL exporting activity more attractive than selling in the domestic market. But that is easier said than done.

Second, prepare a vigorous plan for geographical diversification to break into new markets in East Asia and the Pacific (e.g. China, Japan, S Korea, Australia, New Zealand, RCEP countries).

Third, all out measures will have to be undertaken to enhance export competitiveness, based on comparative-advantage-following (CAF) strategies, including improved trade infrastructure, access to finance, ease of doing business, and so on. Until such time as the two trade policy tracks are brought to par with each other, all non-RMG exporters will have to be given bonded facilities to get world-priced (zero-tariff) imported inputs in order to compete on a level playing field.

Fourth, while recognizing that RMG export prospects globally are not fully exhausted, efforts should continue to improve competitiveness by raising quality, efficiency, productivity, and compliance in the RMG sector and its backward linkage industries. Strategies for diversification

within RMG industry (e.g. going beyond basic garments to higher value items, expanding man-made fiber (MMF) exports) ought to be pursued with vigor and policy support.

Fifth, as part of the export diversification strategy, diversify into intermediate goods production for exports (e.g. automotive and electronic parts and components) by vigorously seeking FDI to integrate with global value chains (GVC). Emulating Vietnam's experience would be worthwhile.

Finally, robust export performance requires two common traits for the exchange rate: (a) flexibility, and (b) strict avoidance of overvaluation. Recognizing that it would be well-nigh impossible for the economy to export and grow its way out of the Covid-19 slump with an overvalued exchange rate, the crisis presents a timely opportunity for "compensated" depreciation of the exchange rate (i.e. depreciation associated with complementary measures to neutralize inflationary or other negative effects) to give a boost to post-pandemic export performance and its diversification. One strategy for "compensated" depreciation would be to reduce tariffs by about the same percentage as the central bank lets the exchange rate depreciate in a year (such as a 5% reduction in tariffs equivalent to a 5% depreciation of the exchange rate, an action that will essentially eliminate the inflationary price effects leaving import revenue unchanged).

Concluding observations

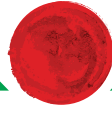
The Bangladesh RMG industry has defied many odds and set several remarkable precedents that researchers and policymakers across the globe will have to take note.

- First, it belies the notion that you have to be a cotton-producing and textile weaving nation to develop a booming garment industry. Bangladesh neither grew cotton nor had a competitive textile sector to start with.
- Second, an industry need not start as an import

substituting producer to eventually become a robust export industry. RMG started off as a 100% export industry.

- Third, RMG as an export industry created more jobs than all the other import substituting industries put together. There is enough evidence to suggest that job-creating potential of export industries is far greater than import -substituting industries.
- Fourth, in a high tariff trade regime, the sure way to create a level-playing field for global competition is by ensuring world-priced imported inputs to the export industry through zero-tariffs on all imported inputs. SBW regime did just that.
- Fifth, for exports to succeed there should be no anti-export bias of policy incentives between domestic sales and export markets. Being a 100% export industry, RMG was immune to the anti-export bias of Bangladesh's high tariff protection regime which stifles growth of non-RMG exports.
- Lastly, the robust performance of labor-intensive garment exports from Bangladesh is a resounding validation of the time-tested principle of trade based on specialization according to comparative advantage.

Bangladesh RMG industry has come of age and is now a global player, highly price competitive as well as quality competitive when it comes to basic garments, knitwear, and cotton products. It now has a notable presence in the world market not to be ignored by buyers, retailers and consumers, in Europe, North America and Asia. Rest assured, the game of cutthroat competition will be played out among established exporters and emerging ones, known and unknown, who could send shock waves around the world market of the future. Make no mistake, all exporters will have to be relentlessly on their toes for all the time in order to stay in business. That is the ultimate export challenge. **A**



FROM THE ARCHIVE: A STORY OF GLORY



The first export consignment of 10,000 pcs of shirts by Reaz Garments Ltd. in 1977-78



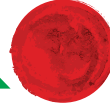
The pioneer of the export oriented RMG industry in Bangladesh, Late M. Noorul Quader Khan, is seen working in his factory, the Desh Garments Ltd.



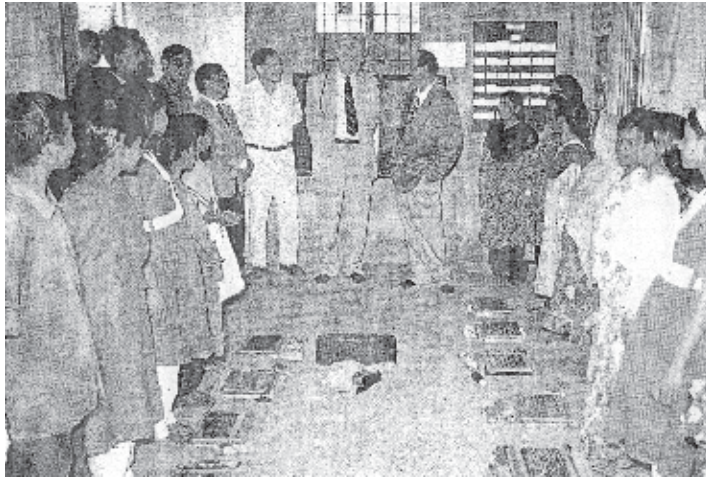
BGMEA President Mohammad Mosharraf Hossain among others seen at a Quota negotiation meeting in 1992.



Redwan Ahmed, President BGMEA, Gretchen Goodale, Officer-in-Charge, UNICEF, Bangladesh and Paul Joseph Bailey, Director, ILO, Dhaka Office are seen signing the MoU to eliminate child labor from RMG industry. 1995.



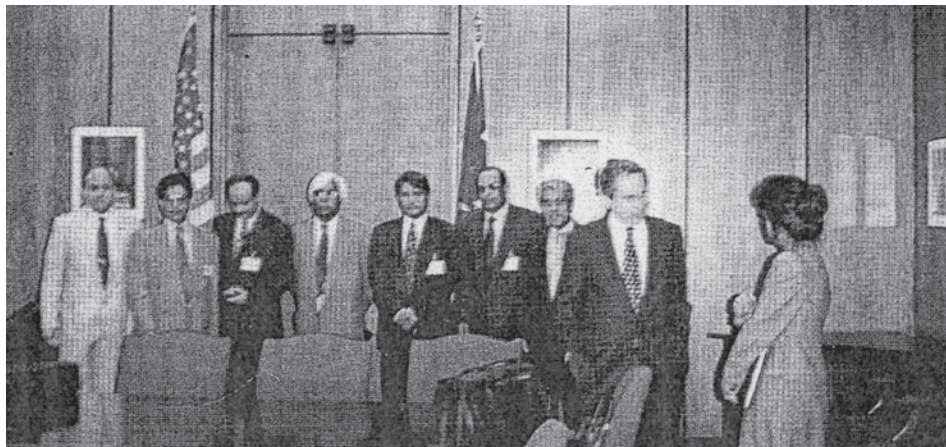
FROM THE ARCHIVE: A STORY OF GLORY



Mr. Pharis J. Harvey, Head of Child Labour Coalition USA, who visited Bangladesh in March 1997, visited Child Labour Schools along with BGMEA President Mostafa Golam Quddus.



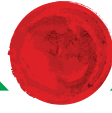
BGMEA President Mostafa Golam Quddus is seen presenting bouquets to the newly elected 1st Vice-President Mahabub Ali, Vice-President Tipu Munshi and Vice-President (Finance) K M Zaman (Romel). March 1998



BGMEA delegation with former US Congressman Stephen Solarz is seen at the US Department of Labor, Washington D.C., October 1998



BGMEA President Mostafa Golam Quddus and his team are seen with US Congressman Tom Lantos. March 1998



FROM THE ARCHIVE: A STORY OF GLORY



BGMEA President Anisur Rahman Sinha presenting souvenir to Honorable Prime Minister Sheikh Hasina at the Inaugural of BATEXPO-2000.



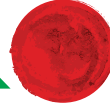
Commerce Minister Tofail Ahmed, Civil Aviation Minister Engr. Mosharraf Hossain and BGMEA President Mostafa Golam Quddus are seen at the opening of BGMEA's air cargo arrangement at Zia International Airport. 1998



BGMEA President Quazi Moniruzzaman presenting bouquet to the US Congressman Joseph F. Crowley. 2004



Kutubuddin Ahmed, BGMEA President and Ms. Laura Megna Baughman of Trade Partnership Worldwide signed an agreement to pursue DFQF access in USA. 2001



FROM THE ARCHIVE: A STORY OF GLORY



Mr. A.H. Manzoor Mannan, Commissioner of Customs, Custom House, Chittagong is handing over the SRO on simplification of customs procedure for export import of RMG to Mr. Kutubuddin Ahmed, President, BGMEA, 23 Sep 2001



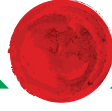
Mr. Neil Kearney, General Secretary of the Brussels –based International Textile Garment and Leather Workers Federation busy with BGMEA leaders in a discussion meeting on compliance issue at BGMEA Office , 2006



Mr. Moinuddin Ahmed (Mintu), Director & chief Coordinator, CAFAXPO-2006 , Dr. Mohiuddin Khan Alamgir, former state minister for Planning , Mr. Tofail Ahmed , former minister of industries, Mr. Tipu Munshi, 2006



BGMEA President Anwar-ul-Alam Chowdhury (Parvez) seen with Congressman Jim McDermott in Washington D.C., 2007.



FROM THE ARCHIVE: A STORY OF GLORY



Syed Ahasanul Hoque (Shameem), acting First Vice President , BGMEA among others speaking at a discussion on gender equality. 2007



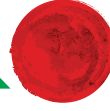
BGMEA President Abdus Salam Murshedy is seen with US Congressman Jim McDermott in Washington D.C. June 2009.



BGMEA delegation met the Brazilian Textile and Apparel Industry Association (ABIT) officials at the Sao Paulo Office, Brazil, 2010.



Honorable Prime Minister graced the grand finale of RMG workers musical talent hunt program Gorbo. BGMEA President Abdus Salam Murshedy awarding prize. 2011



FROM THE ARCHIVE: A STORY OF GLORY



BGMEA jointly with IFC-SEDF organized workshop on environmental sustainability and cleaner production. 2011



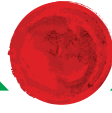
BGMEA signed Mou with China National Textile Association to promote bilateral trade and investment between Bangladesh and China. 2012



BGMEA President Shafiul Islam (Mohiuddin) seen at a roundtable discussion on minimum wage and its implementation. 2011



BGMEA delegates shared views and information with Sao Paulo Chamber of Commerce (ACSP). Sao Paulo, Brazil, 25 Oct. 2011



FROM THE ARCHIVE: A STORY OF GLORY



BGMEA President Atiquel Islam visiting the Rana Plaza site. 2013



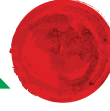
US Congressman Sander Levin met with BGMEA delegates in Dhaka. 2013



A fire safety team was formed by BGMEA, who received training in FSCD. 2013



ILO DDG Gilbert F Houngbo visited Bangladesh to discuss with stakeholders to chart out a national plan of action for workplace safety. 2013



FROM THE ARCHIVE: A STORY OF GLORY



The delegation posed with Congressman Steve Chabot after their meeting with him. June 2014



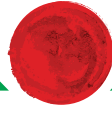
BGMEA President Atiqul Islam seen with the participants of the tripartite learning project organized by German Ministry (BMZ) and DGUV in Berlin. 2015



BGMEA President Siddiqur Rahman along with others paying homage to the victims of terrorist attack at a bakery in Gulshan. 2016



BGMEA President Siddiqur Rahman receiving WCO Certificate of Merit from Finance Minister AMA Muhith. 2016



FROM THE ARCHIVE: A STORY OF GLORY



BGMEA organized a job fair to provide employment opportunities for those who have completed skills training. 2017



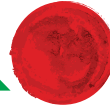
BGMEA delegation with ILO and labor representatives seen at a working session regarding establishment of RSC. 2019



BGMEA President Dr. Rubana Huq seen with German Federal Minister Dr. Gerd Muller. BGMEA pledged to GREEN BUTTON INITIATIVE of the German Government. 2019.



BGMEA signed a MOU with ICT Division, Ministry of Posts, Telecommunications and Information Technology regarding implementation of digital wallet for RMG workers. 2020



FROM THE ARCHIVE: A STORY OF GLORY



Dr. Rubana Huq as a panelist addressed a session on RMG Sustainability Council (RSC) held at the OECD in Paris. The discussion centered around the developments in the Bangladesh apparel sector 2020.



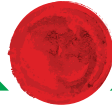
A COVID isolation center established by BGMEA in Chattagram. 2020



BGMEA received USGBC Leadership Award 2021.



BGMEA President Faruque Hassan is seen with AAFA leadership at the latter's office in Washington D.C. 2021



FROM THE ARCHIVE: A STORY OF GLORY



A BGMEA delegation led by President Faruque Hassan attended the COP 26 at Glasgow. 2021



4BGMEA President Faruque Hassan discussed Bangladesh's prospects and preparedness for LDC graduation with Bangladesh envoys to UN and Washington D.C. 2021



BGMEA signed MOU with Primark to collaborate on sustainability issues in the RMG supply chain. 2021



BGMEA representatives meeting IFC officials in Washington D.C. 2021