

BANGLADESH RMG JOURNEY TO EXCELLENCE

September 2021

In four decades...

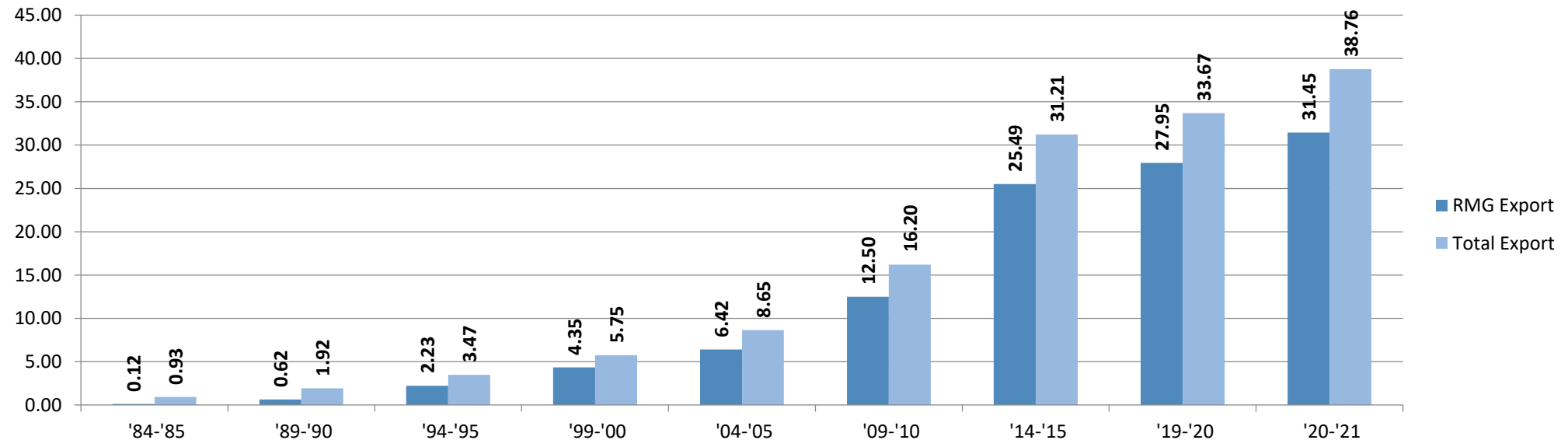
Bangladesh
emerged as the
**SECOND
LARGEST**
garments
exporter
in the World

contributing immensely
to our economic growth & prosperity

RISE OF THE RMG INDUSTRY IN BANGLADESH

Recent Export Figure

Year	Amount (Billion US\$)
2016-17	28.15
2017-18	30.61
2018-19	34.13
2019-20	27.95
2020-21	31.45



RMG - An Unbeaten Path of Growth

THE EXPORT ORIENTED RMG INDUSTRY AT A GLANCE



3500

Active Clothing
Factories



4

million workers



\$20 billion
investment



433 spinning &
827 textile mills
99% accessories
sourced locally



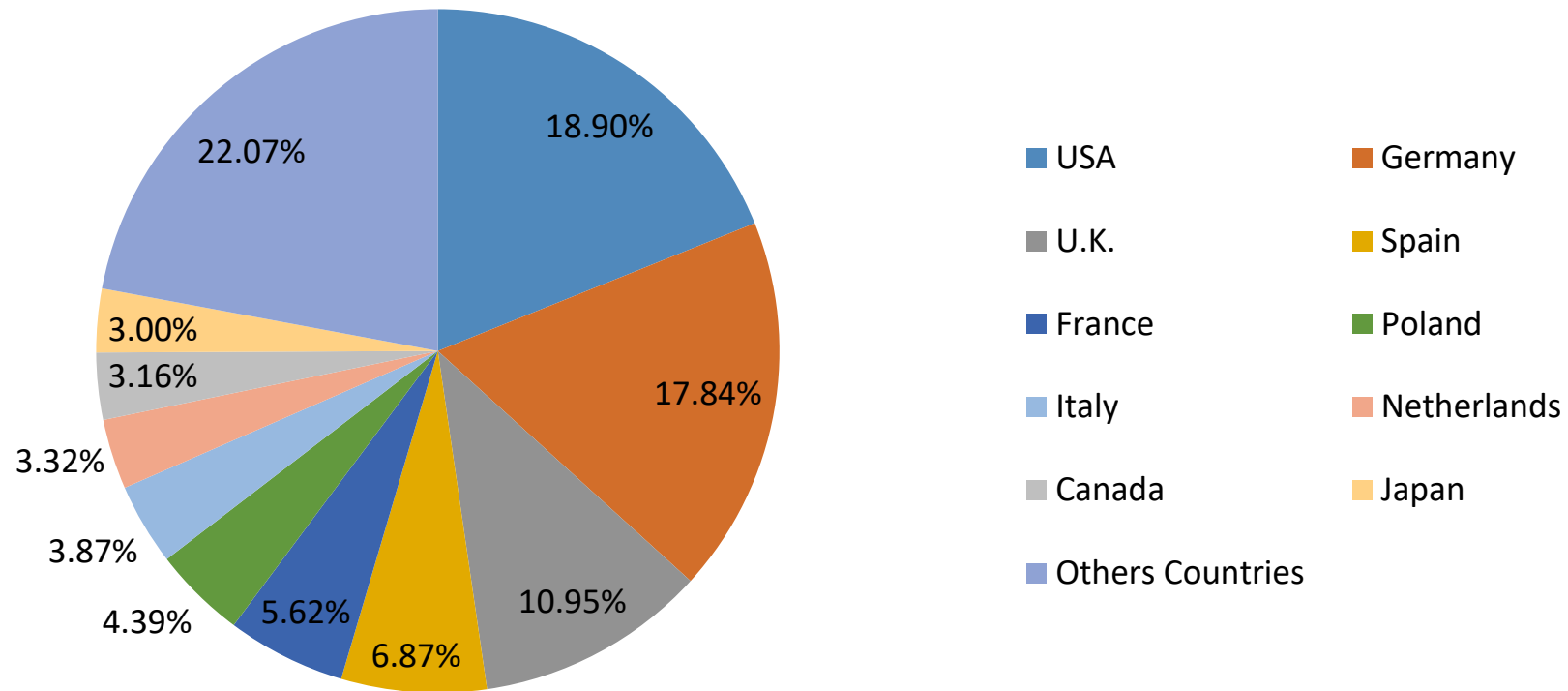
Exports to
167
countries



Export
\$31.45
billion

MAJOR MARKETS OF BANGLADESH'S APPAREL

BD's RMG Export Share to Top 10 Markets in FY2020-21
Values in Million US\$



IMPACTING LIVES OF MILLIONS

83%

Share of export earnings

11%

Contribution to GDP

60%

Share of female labor force

60

Students from 14 garment factories are studying in Asian University for Women (AUW)



EMPOWERING WOMEN

- The 2.5 million female workers are mostly within the age group of 18-30 years.
- Women have become self-aware, independent and free within the society.
- Early marriage and early motherhood has dropped.
- Primary education enrolment has increased.
- Child and women mortality rate has dropped.
- Improved maternal and child health and nutrition.
- Poverty declined to 20.5% from 40% in 2009.
- According to World Bank data, the infant mortality rate decreased from 92 in 1991 to 26 per 1000 live births in 2019 while maternal mortality rate came down to 172 in 2017 from 472 per 100,000 live births in 1991.
- Female literacy rate has increased from 56% in 1990 to 72.30% 2019.
- It is observed that between this period the apparel industry grew considerably creating jobs opportunities for more women in the country.

A study conducted by Rachel Heath of the University of Washington and Ahmed Mushfiq Mobarak of Yale University's School of Management suggests that 'the garment industry's contribution to female education. According to the study, 27 percent more young girls were going to school than before the emergence of garment industry in Bangladesh'.

REALITIES. NOT MYTH

1

Minimum Wages increased by 381% since 2010, from BDT 1662.50 to BDT 8000 per month.

2

Minimum monthly wage of a unskilled worker is BDT 8000, average wage per worker is BDT 9500, and average take home wage is BDT 12,500 including 2 hours overtime / day. So average monthly take home is around US\$ 148.

3

Central Fund for the welfare of the workers, where RMG contributes \$12 million per year (0.03% on the export payment received).

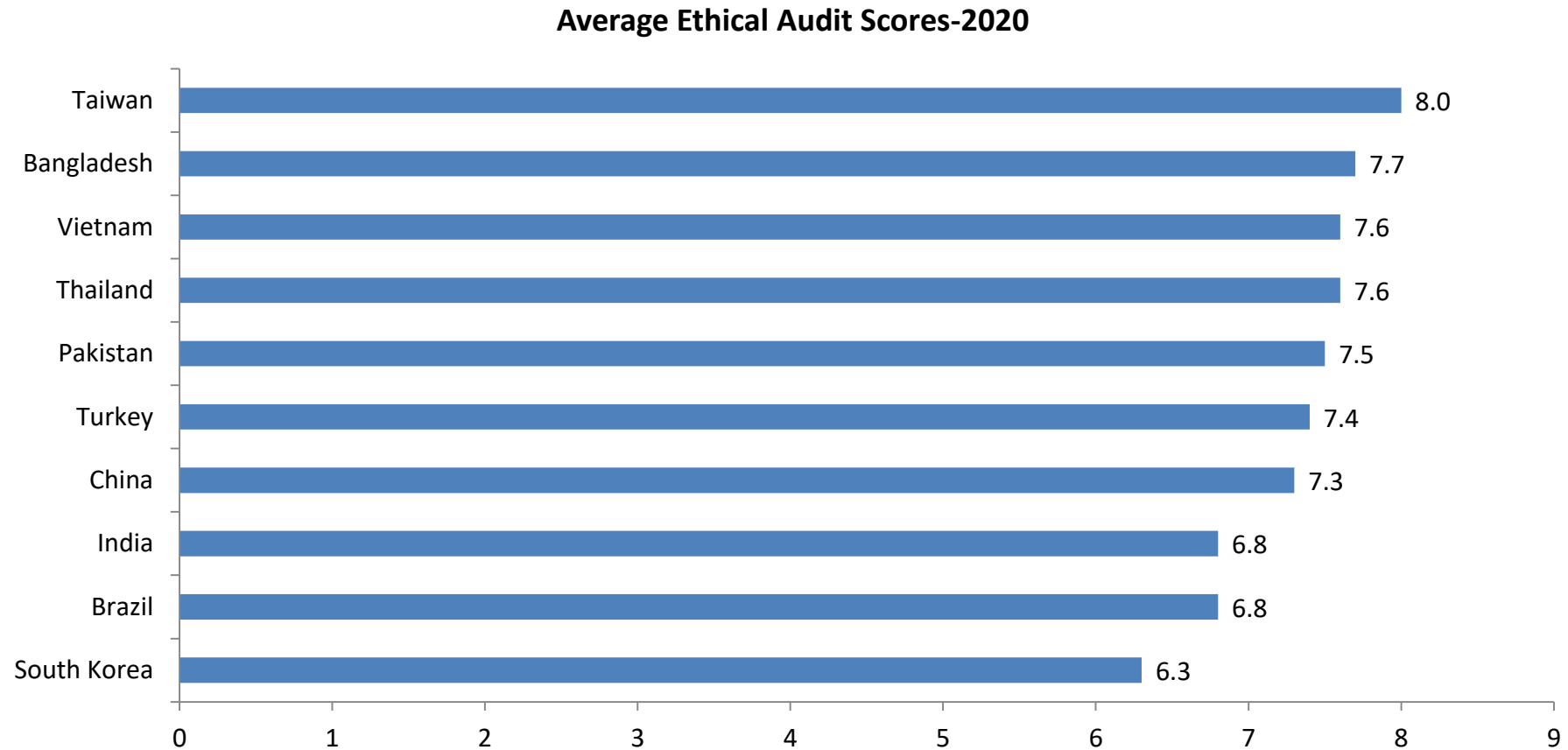
4

Safety Committee and Elected Participation Committee are mandatory by Law in every factory.

5

Home to world's highest number of green factories.

Hong Kong-based supply chain compliance solutions provider, QIMA, ranked Bangladesh second as per their evaluation list on ethical auditing



Journey to Occupational Health and Workplace Safety

The Accord & The Alliance (AFBWS)

Over 226 brands

July 25, 2013
National Initiative

In collaboration with GOB, ILO, BGMEA / BKMEA and labor unions

Accord, Alliance & National Initiative

Inspected 3,800 factories for fire, electrical and structural safety

Factories under Accord & Alliance

Completed 90% + Remediation
(and in process of phasing in with national monitoring authority)

RMG Sustainability Council (RSC)

The RSC is governed by an equal number of representatives from Brands, Manufacturers and Trade Unions. All policies and procedures developed by the Accord, including consensus-based decision-making, and standards for all health-safety protocols have carried over to the RSC.

GREEN GROWTH

145 LEED Green garments factories certified by the U.S. Green Building Council (USGBC)

40 out of the worlds top **100** garment factories are in Bangladesh

500 more factories are in the process of getting LEED certification

BGMEA Pledges to the Green Button which is a global seal of excellence in sustainability by the Government of Germany.

For its outstanding contribution to promote green factory, BGMEA awarded with “2021: USGBC Leadership award”



145
CERTIFIED



42
PLATINUM



89
GOLD



12
SILVER

PaCT Interventions with 381 factories

Water Savings



21.6 Billion Liters

Energy Savings



2.5 Million MWh/Y

GHG emission reduction



460428 Tones CO2 eq/Y

Waste water Reduction



18.8 Billion L/Year

Factory Savings



39 Million USD/Year

Investment



16.3 Million USD/Year



Bangladesh PaCT
Partnership for Cleaner Textile



IFC

International
Finance Corporation
WORLD BANK GROUP



STRIDES IN SUSTAINABILITY



BGMEA's Sustainability Report 2020
<http://download.bgmea.com.bd/BGMEA%20Sustainability%20Report%202020.pdf>



A PATHWAY TO MANAGE PRIVATE
SECTOR IMPACT
<http://download.bgmea.com.bd/SDG%20Report.pdf>

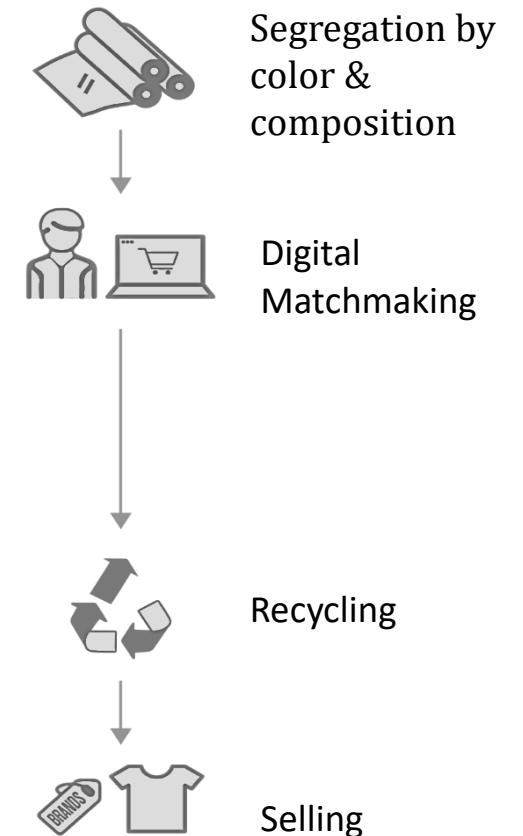


BGMEA joined the Charter with an ambition to reduce GHG emission by 30% till 2030.

CIRCULAR ECONOMY

CFP, SDG-12, MFC

- P4G funded Circular Fashion Partnership initiative aiming to achieve a long-term, scalable transition to a circular fashion system that produces new, low carbon footprint and responsibly-made products
- Partnership between Global Fashion Agenda (GFA), BGMEA and Reverse Resources (RR)
- **19** brands, **17** recyclers and **85** manufacturers on-board
- Per factory generated average waste found to be around 7322 kg/month
- BGMEA's continuous stride towards achieving SDG 12 on 'Responsible consumption and production' through circular economy
- BGMEA contributed to Ellen MacArthur Foundation's 'Vision of a circular economy for fashion' report



Apparel, Fashion & Luxury Group

What's next for Bangladesh's garment industry, after a decade of growth?

by Achim Berg, Harsh Chhaparia, Saskia Hedrich, and Karl-Hendrik Magnus



March 2021

© The-For/Getty Images

- “Today, Bangladesh’s RMG sector is a frontrunner in **transparency** regarding factory safety and value-chain responsibility, thanks to initiatives launched in the aftermath of the disasters—including the Accord on Fire and Building Safety in Bangladesh, the Alliance for Bangladesh Worker Safety, and the RMG Sustainability Council.”
- “Over the past decade, Bangladesh’s RMG sector has made impressive progress in tackling the challenges of growth—particularly in **diversifying** customers and products, improving supplier and workforce performance, and strengthening compliance and sustainability.”
- “Bangladesh’s advanced manufacturers are characterized by a high degree of **entrepreneurship and strategic management**; these firms have made investments in productivity improvement, digitization, automation, and sustainability, and they operate according to international best practices.”
- “More than 1,500 Bangladeshi companies are certified by the Global Organic Textile Standard, the **second** highest number in any country in the world.”

Challenges

UNIT VALUE TREND DURING SEP 2020 - JUNE 2021

Month	BD RMG (\$ / KG)	USA (\$ / SME)	EU (\$ / KG)
Sept, 20	-5.23%	-4.72%	-1.26%
Oct, 20	-4.15%	-13.18%	-0.40%
Nov, 20	-5.19%	-12.80%	-0.40%
Dec, 20	-4.51%	-17.92%	-7.63%
Jan, 21	-2.79%	-8.05%	-5.26%
Feb, 21	-3.55%	-10.87%	-1.52%
Mar, 21	-3.87%	-8.37%	-2.65%
Apr, 21	-7.06%	-10.45%	4.75%
May, 21	-3.00%	-8.95%	0.63%
June, 21	-1.43%	2.46%	-6.86%
Average	-3.76%	-9.28%	-2.05%

Source:	NBR	Otexa	Eurostat
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IMPACT CAUSED by COVID-19

Financial loss

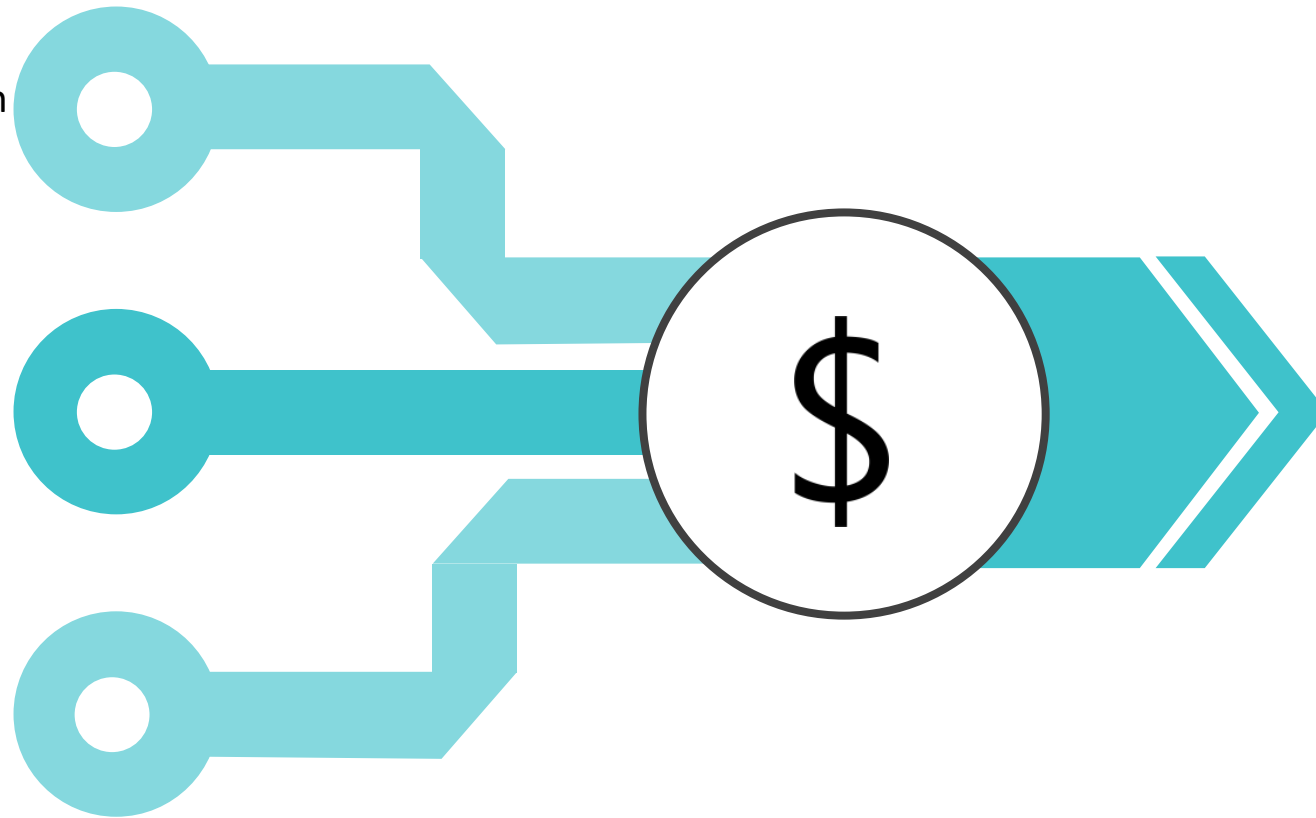
Non-payment by buyers, discounts, deferred payment, deferred shipment, forced loan to pay B/B LC, buyers' bankruptcy, uncertainty over payment receivables

Freefall in Export

The industry has lost 6 billion dollars in export in FY2019-20, meaning that the capacity was seriously under utilized

Disruption in supply chain

Sudden disruption in the supply chain like the unavailability of accessories and processing requirement make the operations inefficient.



Increased unit cost of production, against declining unit value

COVID-19: HOW WE HAVE RESPONDED

MAINTAIN AWARENESS ON HYGIENE AND HEALTH PRACTICES



RMG factories remained closed during 26 March-26 April. Followed staggered approach to open up factories maintaining very strict, zone based safety standards



BGMEA developed a health protocol for its factories in collaboration with the Ministry of Health and ILO. We partnered with Inspectorio to monitor compliance to the health protocol by the factories.



Organized training titled “COVID-19 industry response” in partnered with ILO to mitigate any further crisis of this nature as COVID-19



PCR COVID test lab for the RMG workers, Covid dedicated hospital



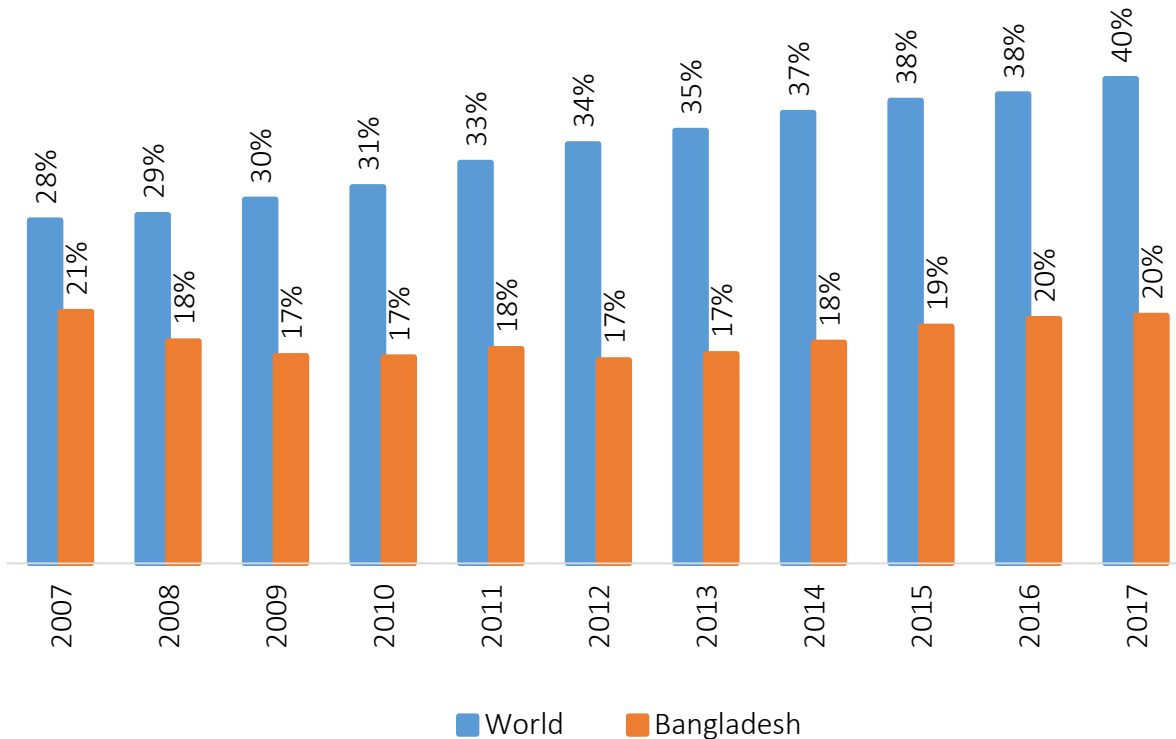
Agreement with “Maya” to provide free medical and mental health services to the workers

Our Priorities

- 1 Diversification of product, materials (cotton to non-cotton) and markets
- 2 Tapping the opportunities in ever growing online market
- 3 Capacity optimization
- 4 Industry, product and skills innovation
- 5 Economic diplomacy, especially continuation of EBA in EU, and engage in trade dialogue with potential markets
- 6 Sustainability

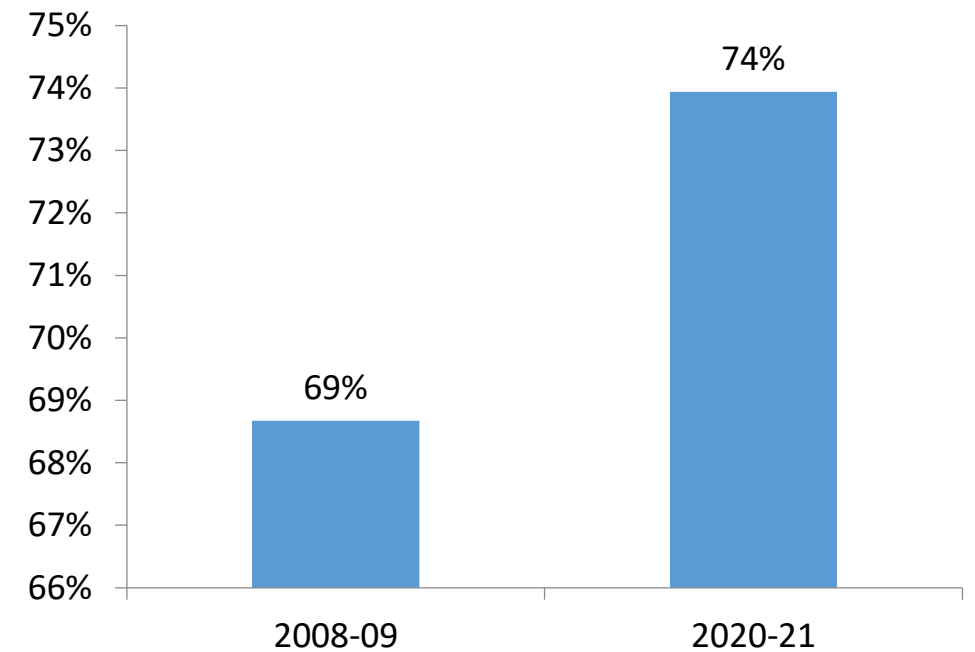
Share of MMF based apparel in global trade and exports from Bangladesh by calendar year

Share of MMF in Apparel Produced



Source - UN Comtrade; PwC Analysis

Share of Cotton Items in Total RMG Exports, Values in US\$

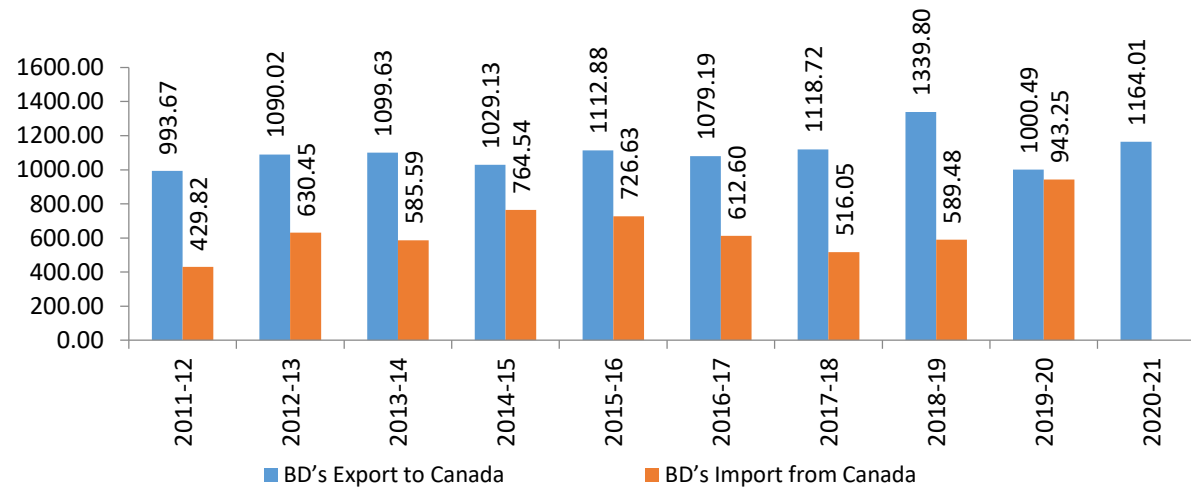


Source – EPB, Bangladesh

BANGLADESH CANADA TRADE

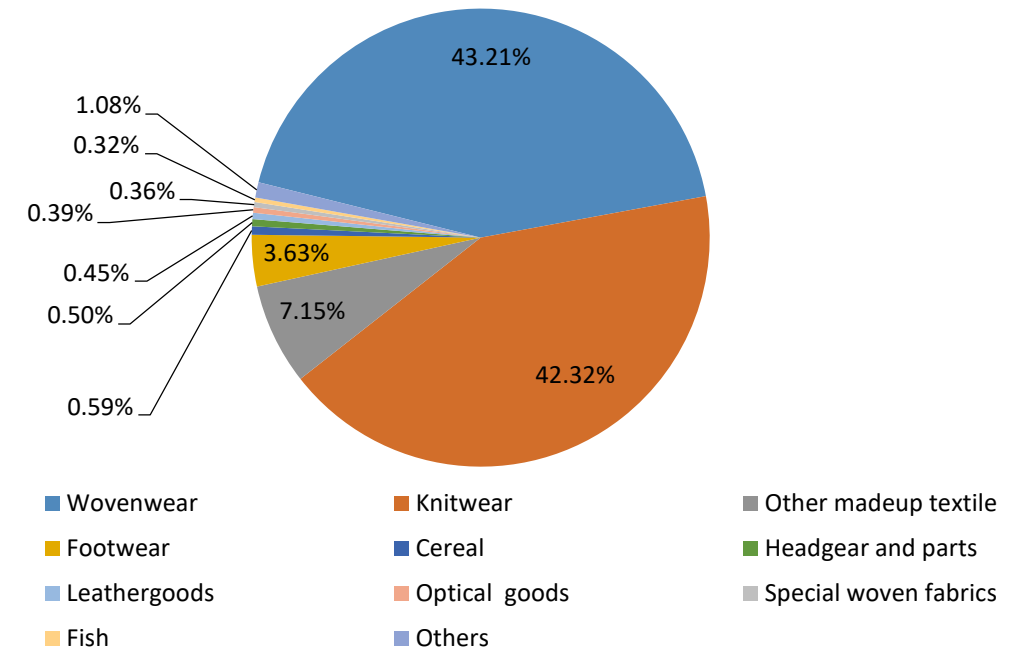
BILATERAL TRADE BETWEEN BANGLADESH AND CANADA

Bangladesh-Canada bilateral trade
Values in million US Dollar



Source: EPB, Bangladesh Bank

Bangladesh's Major Export to Canada in 2020-21
Share % in \$ value



- During Fiscal Year 2019-20, bilateral trade between Bangladesh and Canada was worth US\$1.94 billion.
- The annual average growth rate of bilateral trade between the two countries in last 8 years is 3.97% CAGR.
- Bangladesh had a trade surplus of 57million dollars only with Canada in FY2019-20.



In last 15 years
Bangladesh's
garment export to

CANADA



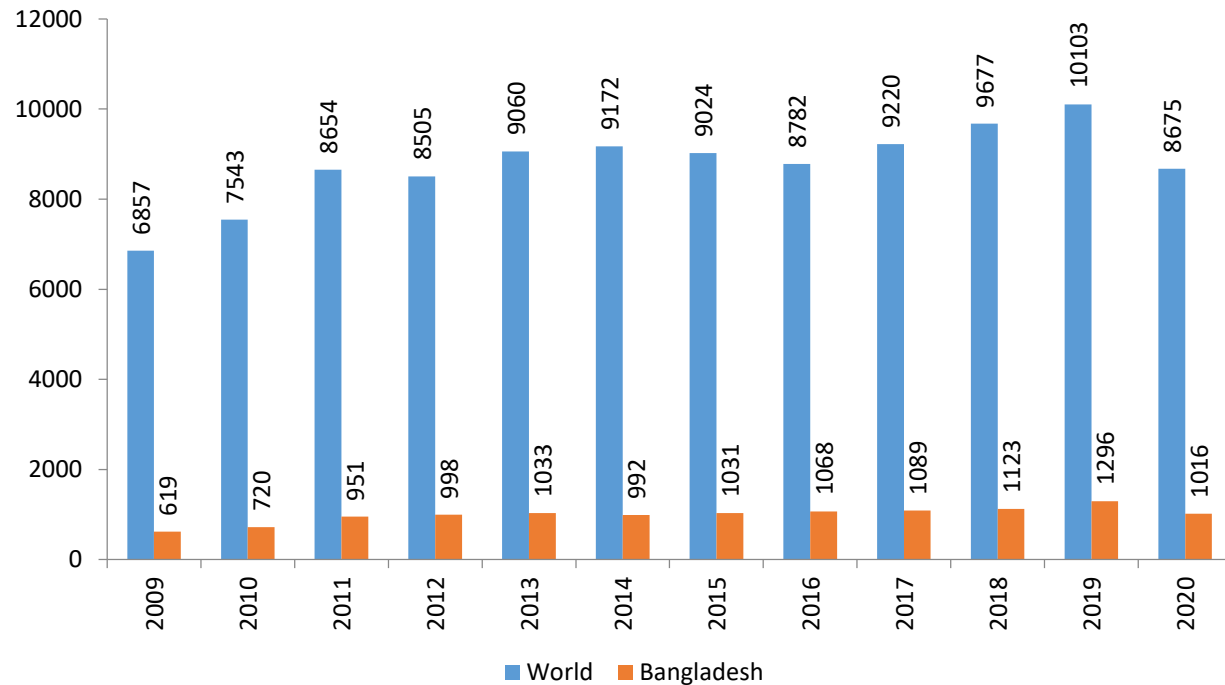
increased by 12 times

from \$95.21million
to \$1.18 Billion

But due to COVID-19, the export has been declined in the last 2 FYs

CANADA'S APPAREL IMPORT FROM WORLD

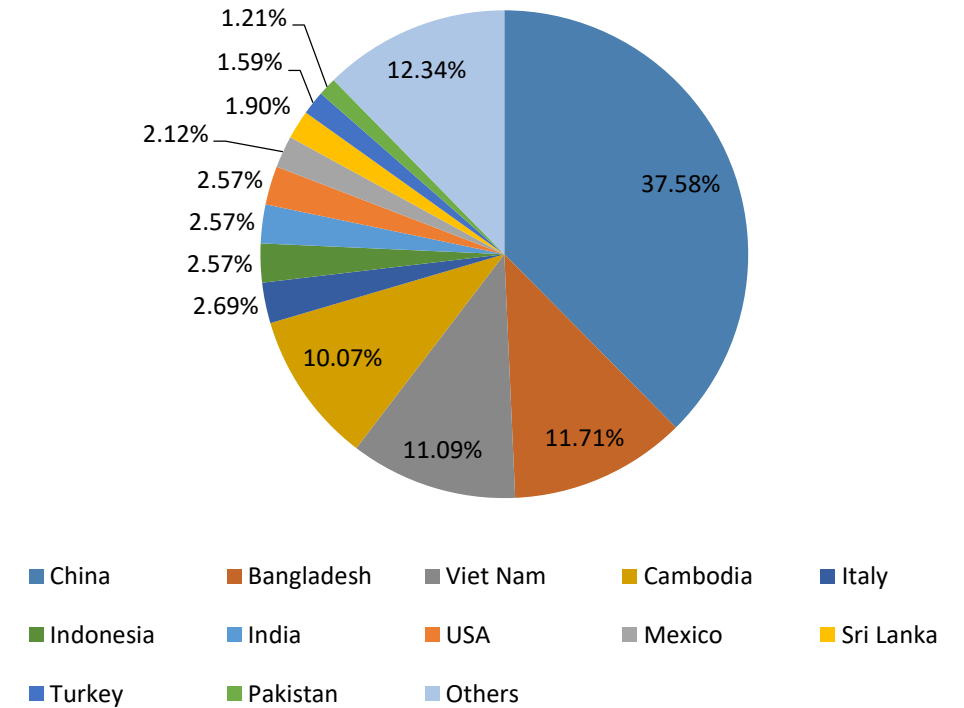
Canada's Apparel Import from world
Value in Million USD



Source – ITC

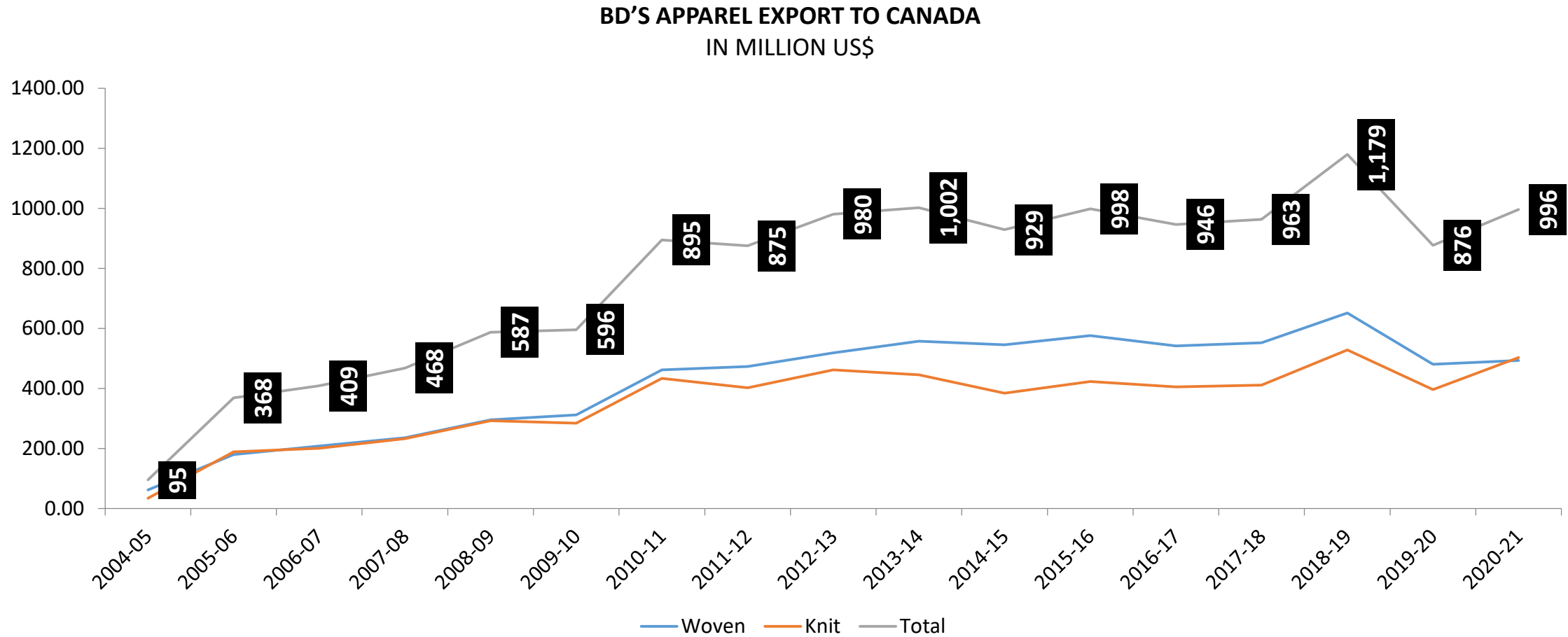
Data differs between ITC & EPB

Canada's Major Sources of Apparel Imports in % in 2020

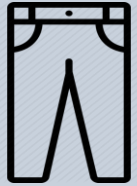


10 years CAGR of apparel import: World 1.41%, Bangladesh 3.50%

HISTORICAL TREND OF BANGLADESH'S APPAREL EXPORT TO CANADA VALUES IN MILLION US DOLLAR



BD'S MAJOR APPAREL ITEMS EXPORTED TO CANADA, 2020-21



\$359.09
million
Trousers



\$187.61
million
T-Shirts and
Knitted shirt



\$132.56
million
Sweater



\$60.75
million
Shirts and blouses



\$52.08
million
Undergarments

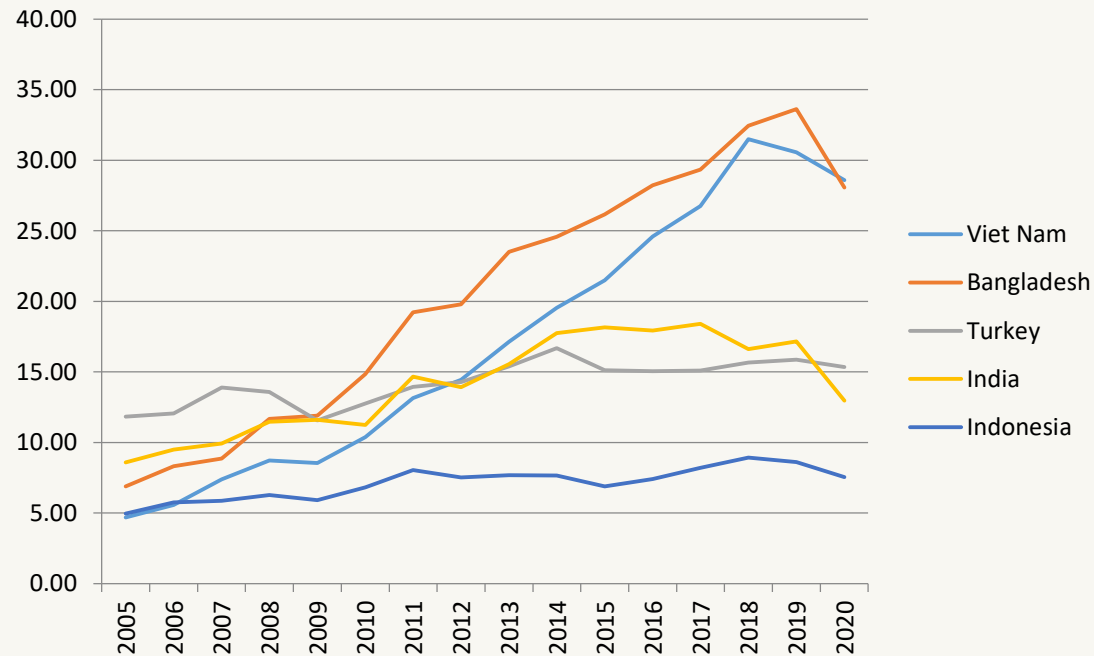
Share of the 5 items in BD's total
RMG export to Canada

80%

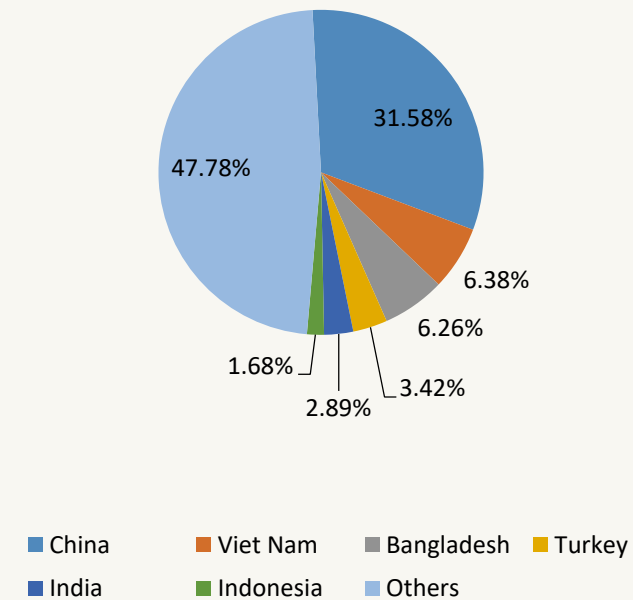
Opportunities

As per WTO data of 2020, Bangladesh is third holding 6.26% share of the global market. The share has increased consistently in last 15 years, i.e. from 2.47% in 2005. There are opportunities to further penetrate in to global market, which requires a different strategic approach.

Export trend of major clothing exporting countries



Global clothing export share, 2020



Investment opportunities: Diversification towards High End Products

75% of
exports are
concentrated
in 5 core
items

Almost 74%
of the
produces are
cotton based

80% of our
exports are
concentrated
within \$15/KG
price range

85% of our
exports are
concentrated
in EU and
North
American
markets

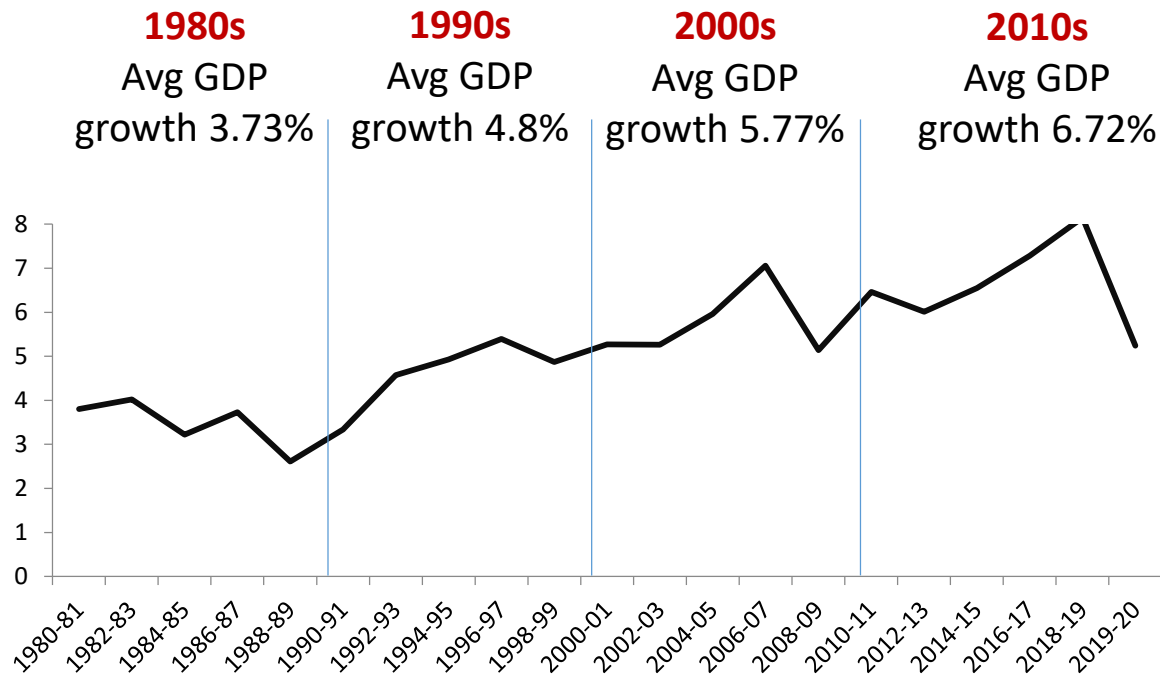
Bangladesh is a green field for investments in Textiles
and High Value Added Items

WHY BANGLADESH?

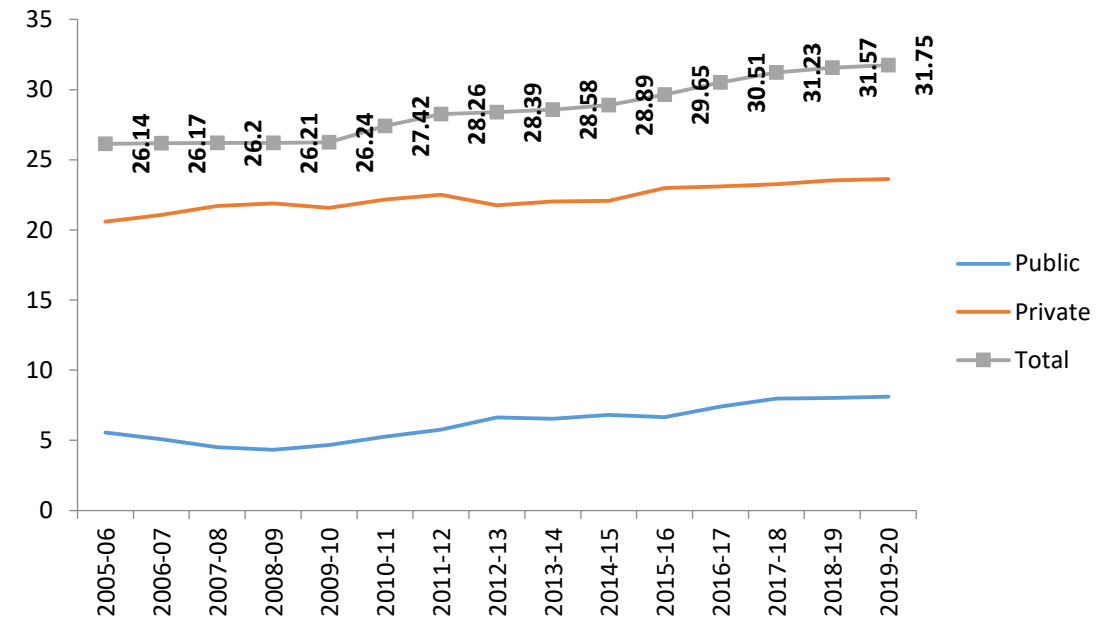
BANGLADESH

The NEW ASIAN TIGER

Growth in GDP



Investment - GDP Ratio (%)



BANGLADESH

AN ATTRACTIVE INVESTMENT LOCATION

Bangladesh offers a profitable location for the investors both as a market and

- Foreign investment in Bangladesh is secured by law against nationalization and expropriation.
- Local and Foreign investment is given equal treatment
- 100% foreign equity is allowed along with unrestricted exit.
- All industrial sectors are open for foreign investors for investment except 4 reserve sectors for the government
- Risk factors for FDI are the minimum in Bangladesh
- Bangladesh never posted negative economic growth during the past 30 years

DEMOGRAPHIC DIVIDEND

- High literacy rate (72.80%) among youths aged 15-24 years
- 2 million youth entering in job market each year
- 117 million mobile phone users and 33% internet penetration

COMPETITIVE ADVANTAGES

- Labor cost advantage
- Duty free market access

TRADE LOGISTICS & INFRASTRUCTURE

- A balanced 3R (based multimodal transport infrastructure system is being developed.
- Enhancing electricity supply to 20,000 MW
- Elevated Expressway, Flyovers, Bridges, Metro Rail, Coal Based Power plants, Nuclear Power plant, are some of the ongoing mega projects

BANGLADESH IS THE BEST KEPT SECRET IN SOUTH ASIA. PLEASE TRY US

Thank You

