The Pakistan Business Council

FOSTERING ECONOMIC GROWTH

LESSONS FROM THE EAST: DECODING THE RISE OF BANGLADESH'S APPAREL SECTOR

MARKET ACCESS SERIES 2024-25

JUNE 2025

The Pakistan Business Council

FOSTERING ECONOMIC GROWTH

LESSONS FROM THE EAST: DECODING THE RISE OF BANGLADESH'S APPAREL SECTOR

MARKET ACCESS SERIES 2024-25

JUNE 2025

Acknowledgments

Team Leader:
Samir S. Amir

Lead Researcher:
Adnan Ahmad

Disclaimer

The findings, interpretations and conclusions expressed do not necessarily reflect the views of the Board of Directors and Members of the Pakistan Business Council or the companies they represent.

Any conclusions and analysis based on the data from ITC Trade Map, UNCTAD, World Bank, Pakistan Bureau of Statistics (PBS) and Bangladesh Bureau of Statistics are the responsibility of the author(s) and do not necessarily reflect the opinion of these agencies. Although every effort has been made to cross-check and verify the authenticity of the data, the Pakistan Business Council, or the author(s), do not guarantee the data included in this work. All data and statistics used are correct as of 30th May, 2025 and may be subject to change.

For any queries or feedback regarding this report, please contact samir@pbc.org.pk or adnan.ahmad@pbc.org.pk

The Pakistan Business Council: An Overview:

The Pakistan Business Council (PBC) is a research-based business advocacy platform established in 2005. It is now supported by over 100 private sector local and multinational businesses with significant investment in, and long-term commitment to sustainable growth of the country. They come from 14 countries, have leading roles in 17 major sectors of the formal economy, generate 40% of annual exports, contribute a third of Pakistan's total tax revenues and employ three million. Their combined sales represent every 9th Rupee of Pakistan's GDP.

PBC's major objectives are to advocate polices that lead to creation of jobs, value-added exports and reduction in import reliance through improved competitiveness of manufacturing, services and the agriculture sectors. It also promotes formalization of the economy.

PBC's over-arching theme, **"Make-in-Pakistan"** consists of three pillars: **"Grow More/Grow Better", "Make More/ Make Better"** and **"Serve More/Serve Better."** Its evidence-based advocacy is backed by over a hundred studies to date through its full-time research team, supplemented by collaborative research with renowned industry experts and economists. Through its Centre of Excellence in Responsible Business (CERB), PBC works to build capacity and capability of businesses beyond its membership, to adopt high environmental, social and governance standards. PBC holds conferences, seminars and webinars to facilitate the flow of relevant information to all stakeholders in order to help create an informed view on the major issues faced by Pakistan. Through its presence in Islamabad and Karachi, it works closely with relevant government departments, ministries, regulators and institutions, as well as other stakeholders including professional bodies, to develop consensus on major issues impacting the economy.

PBC is a pan-sectoral, not-for-profit, Section 42 entity. It is not a trade body; therefore, it does not advocate for any specific business sector. Rather, its key advocacy thrust is on easing barriers that thwart competitiveness of businesses in Pakistan. Further information on the PBC is available on: www.pbc.org.pk.

The PBC's Founding Objectives

- To provide for the formation and exchange of views on any question connected with the conduct of business in and from Pakistan.
- To conduct, organize, set up, administer and manage campaigns, surveys, focus groups, workshops, seminars and fieldwork for carrying out research and raising awareness in regard to matters affecting businesses in Pakistan.
- To acquire, collect, compile, analyze, publish and provide statistics, data analysis and other information relating to businesses of any kind, nature or description and on opportunities for such businesses within and outside Pakistan.
- To promote and facilitate the integration of businesses in Pakistan into the World economy and to encourage in the development and growth of Pakistani multinationals.
- To interact with governments in the economic development of Pakistan and to facilitate, foster and further the economic, social and human resource development of Pakistan.

The PBC Member Companies

ABACUS	Abbott	AIRLINK	AkzoNobel
Allied Bank	AMRELI STEELS	ARCHROMA	Artistic Milliners
Atlas	Bank Alfalah	Bank Al Habib	Bata
BAYER	CCL	Central Depository Company	CHANGAN AUTO
CHERAT CEMENT	CHUBB	Coca-Cola	Colgate-Palmolive
Dalda	Daraz	Dawlance	Dawood Hercules
DESCON	EBM	EFU General	EMAAR Pakistan
engro corp	Excel Group	Fatima Fertilizer Company Limited	faysalbank
FEROZSONS LABORATORIES LIMITED	FMC	FORWARD	FrieslandCampina Engro Pakistan Limited
GATRON	Getz pharma	gsk	Gul Ahmed
HBL	Hilton Pharma	INDUS GROUP of companies	INTERLOOP

International Industries Ltd.
Jazz
JS BANK
Jubilee General Insurance

K&N's
KE Energy That Moves Life
KHAADI
LIBERTY

LIPTON Teas and Infusions
LOTTE
LUCKY CEMENT
MACPAC FILMS ltd.

MAHMOOD GROUP
Martin Dow Creating Distinction for Life
MASOOD ROOMI
mayfair The little joys of life

MEGA CONGLOMERATE
National FOODS SINCE 1970
NAVEENA GROUP
Nestlé Good food, Good life

NIMIR
OLP
Packages Limited
PEPSICO

PSL PAKISTAN SERVICES LTD.
PSX PAKISTAN STOCK EXCHANGE LIMITED
reckitt

SAIF GROUP
SAP
Sapphire
Servis

Shan
SICPA
SIEMENS
Soneri Bank

SOORTY World Of Denim
SPEL Synthetic Products Enterprises Limited
Standard Chartered
systems

TAPAL
TCS WE MOVE YOU
Tetra Pak PROTECTS WHAT'S GOOD
TG

TOYOTA INDUS MOTOR COMPANY LTD.
TPL
TTE Transsion Tecno Electronics
Tufail Chemical Industries Ltd.

UBL where you come first
Unilever
Young's

The PBC Affiliates

engro elengy terminal

engro fertilizers

engro polymer & chemicals

HINUCON Private Limited

HUBCO

International Steels Limited – Shaping Tomorrow

LCI – LUCKY CORE INDUSTRIES – Formerly ICI Pakistan Limited

LMC – Lucky Motor Corporation

Pakistan Cables

Tri-pack – Tri-Pack Films Limited

Table of Contents

List of Tables

List of Figures

Lessons from the East: Decoding the Rise of Bangladesh's Apparel Sector

Lessons from the East: Decoding the Rise of Bangladesh's Apparel Sector

Study Objectives

This study aims to compare and analyze the export and import performance of the apparel sectors of Pakistan and Bangladesh to understand the structural and policy-driven differences between the two. It also seeks to evaluate the impact of market access on Bangladesh's global apparel trade performance, particularly its rise to becoming the world's second-largest apparel exporter.

Additionally, the study will assess the efficiency of Bangladesh's apparel production systems and its proactive trade policies, while examining the role of socioeconomic factors and supporting infrastructure in facilitating its export growth. It will also identify key barriers hindering market access for Pakistan and conclude with a set of recommendations—derived from Bangladesh's experience—that Pakistan could adopt to improve its apparel export performance and global competitiveness.

Data Limitations

- The data for Bangladesh's exports and imports, for many years, is not reported on ITC Trade Map. Therefore, mirror data has been used
- Even though Pakistan has reported trade data till the year 2024, mirror data has been used in order to maintain consistency while doing comparison of both countries' trade.
- For unit value comparisons, the apparel exports of both the countries are measured in different units, i.e. tonnes and numbers

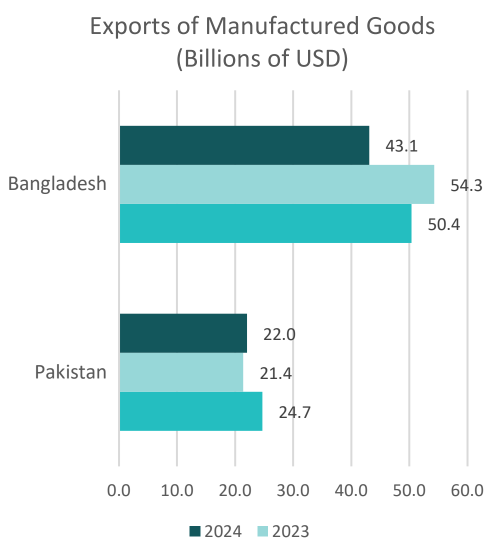
Executive Summary

Executive Summary

The report compares two countries, Bangladesh and Pakistan, in order to understand how Bangladesh has been able to thrive in the global apparel market as compared to Pakistan, despite it being a smaller country. In 2024, Bangladesh's GDP growth was 4.27%, significantly higher than Pakistan's GDP growth which was then 2.50%.

Bangladesh has emerged as a global manufacturer in apparel manufacturing. This has driven substantial export growth and job creation. Its manufacturing sector has become an anchor of the country's growth by largely contributing to a positive trade balance and attracting foreign direct investment (FDI).

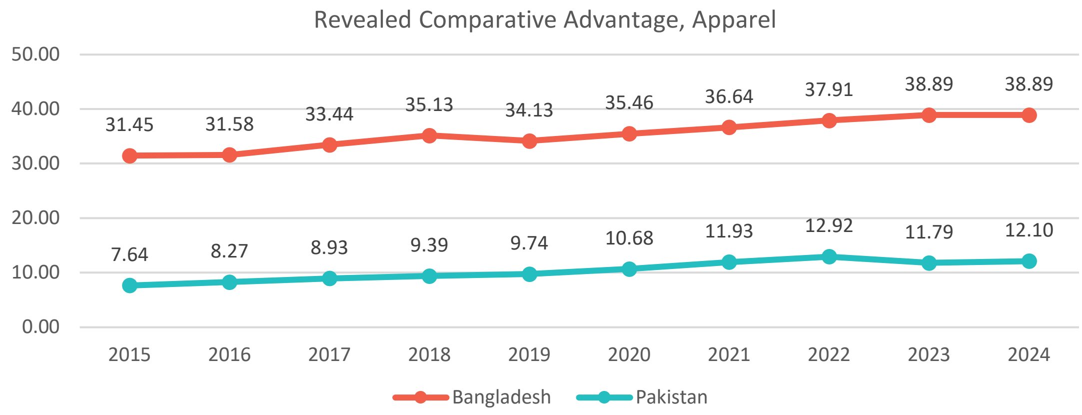
The figure below shows Bangladesh's and Pakistan's overall trade over the period (2010-2024). In 2024, Bangladesh's exports to GDP ratio was 13.20%, while Pakistan's exports to GDP share stood at 10.30%. The manufacturing sector of Bangladesh is contributing more as compared to Pakistan's, showing the strength of Bangladesh's manufacturing sector. In 2024, Bangladesh's exports of manufactured goods stood at $43.11 billion while Pakistan's export value of manufactured goods was $22.02 billion.



Bangladesh's exports are highly dependent upon its manufacturing sector, the share of exports of manufactured goods in total exports is 96.95%. The manufacturing sector of Bangladesh is contributing 21.40% to the total GDP, much higher than the Pakistan's manufacturing sector share of 13.60% to its GDP. Among the manufacturing sector, Bangladesh's LSM is contributing 10.90% to the country's GDP while Pakistan's LSM is contributing 8.32% to GDP.

Bangladesh's economy is more dependent upon its apparel sector, total apparel exports of Bangladesh in 2024 was $49.58 billion, much higher than the Pakistan's $8.71 billion. Bangladesh's apparel exports as percentage of total exports, in 2024, was 86.20%, while Pakistan's apparel exports share in total exports was 26.82%.

The comparative advantage in the textile sector highlights the differences in export performance between Bangladesh and Pakistan, with Bangladesh showing a significantly stronger position. The revealed comparative advantage (RCA) for apparel exports for Bangladesh stands at an impressive 38.89, in contrast, Pakistan's RCA for apparel exports is comparatively lower at 12.10.



Market Reach and Export Portfolio Analysis

Bangladesh's global market presence is both wider and deeper. It exports RMG to over 30 countries, with a strong presence in the EU and the US, as well as in emerging markets in Latin America and Africa. Its export basket is well-diversified between knitwear and woven garments and is increasingly moving into man-made fibres (MMFs), which now dominate global apparel trade. Conversely, Pakistan's exports are narrowly concentrated in a few traditional markets and product types, primarily cotton-based, and lack dynamism in product innovation or synthetic garment production.

The Export Portfolio Diagnostic (EPD) Matrix further reveals that Bangladesh is strongly positioned in fast-growing, high-value apparel categories aligned with global demand trends, especially in the EU and US. Pakistan's exports, while showing some upward movement, remain under-represented in high-potential categories.

Structural Competitiveness: A Porter's Diamond Perspective

From a Porter's Diamond perspective, Bangladesh's RMG competitiveness is underpinned by multiple reinforcing advantages:

- **Factor conditions:** Availability of cheap, skilled labor and a supportive infrastructure
- **Demand conditions:** High and consistent foreign demand for Bangladeshi apparel
- **Related and supporting industries:** Growing backward linkages in MMFs, accessories, and compliance systems
- **Firm strategy, structure, and rivalry:** Intense local competition, FDI attraction, and joint ventures with firms from Korea, Japan, and China

Pakistan, despite its cotton endowment, suffers from unfavorable factor conditions (e.g. high energy costs, limited skilled labor), weak industrial clustering, inconsistent tax & trade policy, and low technological upgrading. Energy costs in Pakistan are significantly higher, and issues like customs delays and poor logistics infrastructure persist. Bangladesh's success is also tied to institutional coherence and a long-term industrial policy, which Pakistan lacks.

Key Findings

Key Findings

Bangladesh's RMG trajectory can be traced to its early exposure to quota free access under the Multi-Fiber Arrangement (MFA), which catalyzed garment exports in the 1980s. The country used this opportunity to form strategic alliances with South Korean and Japanese firms and later invested in labor-intensive manufacturing zones. Post-2005 (after MFA's phase-out), Bangladesh retained its market share by improving factory compliance and leveraging duty-free access under the EU's Everything But Arms (EBA) scheme.

Takeaways from Bangladesh

- **Prioritizing Finished Garments Over Upstream Textiles**
  Lacking domestic raw materials, Bangladesh focused on importing inputs, converting them into garments, and exporting the final products.
- **Visionary Reforms and Policy Innovation**
  The government facilitated investors by easing access to finance and simplifying raw material imports.
- **Private Sector Inclusion and Policy Continuity**
  Industrial policymaking actively involves the private sector; key ministers often come from business backgrounds.
- **Financial Tools and SME Integration**
  Mechanisms like back-to-back LCs enabled small investors to participate in RMG exports by easing imported raw material procurement.
- **Labor Cost Advantage and Gender Inclusion**
  Labor is affordable and increasingly skilled, with high female participation in the workforce. In addition, there is predictability in labor costs as wages are not revised on an annual basis.
- **Improved Compliance Post-Rana Plaza**
  Initially under less scrutiny as an LDC, Bangladesh strengthened labor and environmental standards after key factory incidents.
- **Proactive Crisis Management and Diplomacy**
  Bangladesh responds swiftly to global trade shocks and leverages diplomatic channels effectively.
- **Cultural Openness and Retailer Accessibility**
  Foreign buyers find Bangladesh more accessible and culturally open, fostering easier engagement.
- **Export Scale and SME Evolution**
  Former SMEs have scaled up significantly, benefitting from economies of scale in export manufacturing.
- **Joint Ventures and Technology Adoption**
  The RMG sector welcomes joint ventures, attracting capital and improving operational efficiency.
- **Strong Global Market Integration**
  An export-oriented approach has made the sector efficient, competitive, and responsive to global trends.
- **Product Line Diversification**
  Over time, the industry has expanded its range of products and the market segments that it targets.
- **Cost Competitiveness in Inputs**
  In addition to low labor costs, affordable energy enhances Bangladesh's international price competitiveness.

Policy Recommendations for Pakistan

Policy Recommendations for Pakistan

To enhance its competitiveness in the global RMG industry, Pakistan must undertake a multi-pronged reform strategy:

- **Transition from Raw Materials to Value Addition**
  Pakistan's textile exports remain concentrated in low-margin intermediate goods like yarn and fabric; this is despite it being a major cotton producer. In 2024, apparel made up only $8.71 billion of the $17.5 billion in textile exports. Much of Pakistan's yarn is exported to competitors like Bangladesh, who add value and re-export it at higher margins. The lack of forward integration results in missed branding and design opportunities. Shifting toward garment manufacturing requires new incentives, skill investment, and FDI in apparel clusters to move up the value chain.

- **Develop a Coherent National Apparel Policy**
  Pakistan lacks a dedicated apparel policy, treating it as part of the broader textile sector, which obscures its distinct needs. This has led to policy confusion, unpredictable taxation, and weak incentives for domestic value addition. In contrast, Bangladesh's RMG sector benefits from a focused, export-driven policy environment. Pakistan must establish a stand-alone apparel strategy with streamlined tax regimes, export facilitation, support for branding, and institutionalized industry-government coordination to boost competitiveness.

- **Prioritize Skill Development and Labor Efficiency**
  Low labor productivity remains a major constraint for Pakistan's apparel sector. Unlike Bangladesh, which invested early in training and technical upskilling, Pakistan lacks coordinated, industry-aligned human capital development. Outdated curricula, low female participation, and informal, firm-specific training models dominate. Pakistan must modernize textile education, expand vocational training in garment hubs, and incentivize gender inclusion to build a competitive, efficient labor force aligned with global standards and buyer expectations.

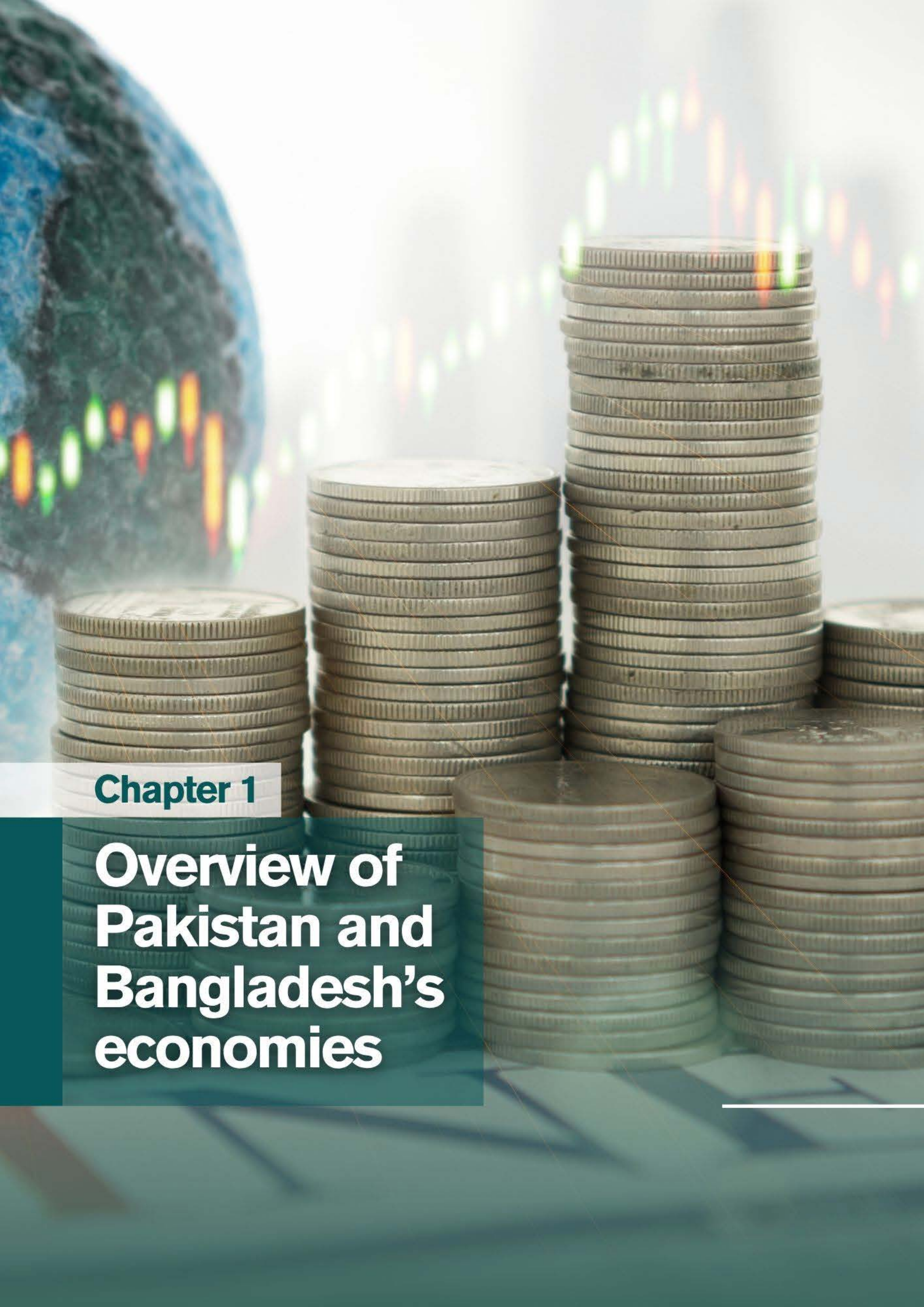
- **Rationalize Energy and Taxation Policies**
  Pakistan's apparel sector faces uncompetitive energy tariffs—13 US cents/kWh versus Bangladesh's 6 US cents/kWh—which undermines cost efficiency. The withdrawal of regionally competitive rates and imposition of surcharges has further escalated costs. On taxation, the shift from a fixed low tax to a 2.25% turnover tax and if this is lower than the normal tax rate, to the normal tax regime, plus delayed sales tax refunds, discourages investment and formalization. Bangladesh offers duty- and tax-free inputs with fast-track refunds, making its cost structure far more attractive. Urgent reforms in energy pricing and tax simplification are needed to restore Pakistan's export competitiveness.

- **Strengthen Global Marketing and Buyer Engagement**
  Bangladesh has built strong ties with global retailers like H&M and Walmart by exporting finished apparel and engaging directly in branding, compliance, and buyer relations. In contrast, Pakistani firms focus on intermediate goods and lack visibility in global marketing chains. To improve, Pakistan must attract retail offices, promote design and branding, engage its diaspora, and actively participate in global expos. Emphasizing ethical and green manufacturing can also reposition Pakistan as a modern, reliable supplier in global apparel markets.

- **Infrastructure, Logistics, and Global Connectivity: Building Trust and Accessibility**
  Physical and logistical accessibility greatly affects buyer engagement. Bangladesh, despite a modest infrastructure, offers better airport access, smoother visa policies, and a welcoming business environment. Foreigners feel safer and more at ease in Dhaka than in Pakistani cities, where armed guards and protocols deter confidence. While Bangladesh offers integrated EPZs and efficient logistics, Pakistan's fragmented zones and bureaucratic bottlenecks delay shipments. Aligning infrastructure with export needs, improving buyer experience, and depoliticizing business travel are crucial for attracting and retaining global clients.

- **Supply Chain and Backward Linkages**
  Pakistan benefits from strong cotton and yarn production, supported by a well-established spinning industry. However, its failure to diversify into man-made fibers (MMFs) like polyester and viscose limits its competitiveness in the evolving global apparel market. Cotton's climate vulnerability further adds to the risk. Weak backward linkages, limited local production of ancillary materials, and poor logistics infrastructure raise production costs and lead times. To strengthen its apparel sector, Pakistan must invest in climate-resilient cotton, develop MMFs, and prioritize local input integration.

- **Diversify Product Range**
  Bangladesh's RMG success is built on product diversification—from basic T-shirts to outerwear, lingerie, and activewear—enabling it to mitigate market risks, attract varied buyers, and raise export values. In contrast, Pakistan's RMG sector remains concentrated in denim and home textiles. To diversify, Pakistan must expand into high-margin product categories, invest in value-added processes, and target emerging markets. Collaboration with global brands, vocational training programs, and productivity-focused education initiatives will be essential for supporting this shift and scaling new product lines effectively.



Chapter 1

Overview of Pakistan and Bangladesh's economies

Chapter 1

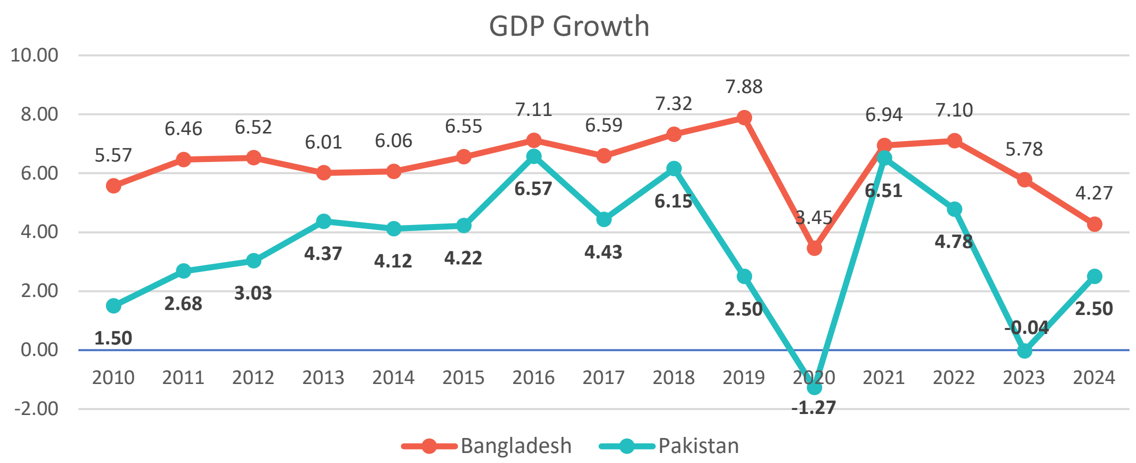
Overview of Pakistan and Bangladesh's economies

1.1 Growth Trends of Bangladesh and Pakistan

Comparison of GDP growth trends between Bangladesh and Pakistan reveals stark differences in both performance and stability. In the past 25 years, Bangladesh has consistently outperformed Pakistan in terms of GDP growth. Before the pandemic in 2019, Bangladesh's economy grew by 7.88%, however, like many nations, Bangladesh saw a decline in GDP growth in 2020 due to the pandemic's widespread economic impact. The country began recovering in the subsequent years and reached a GDP growth of 7.10% in 2022, however, 2023 and 2024 have seen a dip in growth to 5.78% and 4.27%, respectively.

In contrast, Pakistan's GDP growth has been comparatively lower and more volatile. Pakistan's growth dropped significantly during the COVID-19 period, and while there was a brief recovery afterwards, this momentum was not sustained till 2023 while 2024 showed a recovery with a growth rate of 2.5%.

Figure 1: GDP growth of Bangladesh and Pakistan



Data Source: Word Development Indicators

1.2 Performance in terms of Exports and Imports

Bangladesh's export to GDP ratio is higher as compared to Pakistan. The trend shows a long term decline in exports to GDP ratio for both the countries. Exports as % of GDP for Bangladesh began to decline in 2013, with a figure of 19.54% from 20.16% in 2012. It dropped to 10.44% in 2020. From 2021, exports as % of GDP started rising at a slow pace and reached 13.20% in 2024. Despite these fluctuations, exports remain a significant component of Bangladesh's economy, contributing to around 13.00% of GDP in recent years.

In contrast, Pakistan's export performance as a percentage of GDP has been on a downward trajectory. Starting at 12.64% in 2010, exports as a percentage of GDP showed slight variations in subsequent years, with figures of 13.48% in 2011, 11.87% in 2012, and 12.18% in 2013. The percentage declined further to 9.05% in 2021 and after that showed an increase to 10.54% in 2022, with a slight decrease to 10.30% in 2024. Overall, the trend reflects a diminishing contribution of exports to Pakistan's economy.

Figure 2: Exports performance of Bangladesh and Pakistan

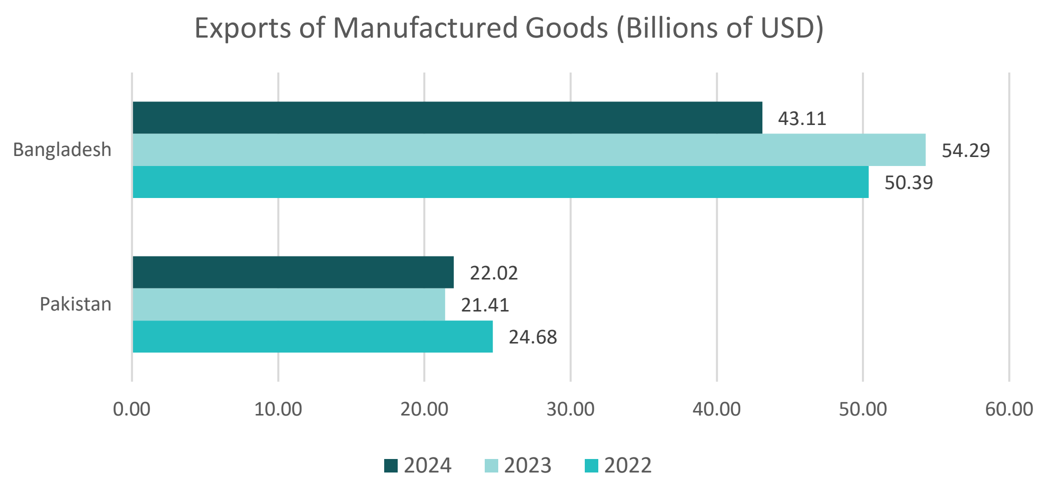
Data Source: Word Development Indicators

The manufacturing sector in Bangladesh is outperforming that of Pakistan, a trend clearly reflected in the export figures of both countries. In 2024, Pakistan's manufactured exports totaled $22.02 billion, a rise from $21.41 billion in 2023.

In contrast, Bangladesh's manufactured exports reached $43.11 billion in 2024, down from $54.29 billion in 2023. This decline, possibly, underscores the recent political unrest in Bangladesh but compared to Pakistan, the data shows the importance of Bangladesh's manufacturing sector as well as the strategies put in place for maintaining competitiveness and capitalizing on global demand, particularly in apparel and other labor-intensive manufacturing sectors.

The gap between the two countries' manufacturing export values is significant, demonstrating Bangladesh's competitive advantage in this sector.

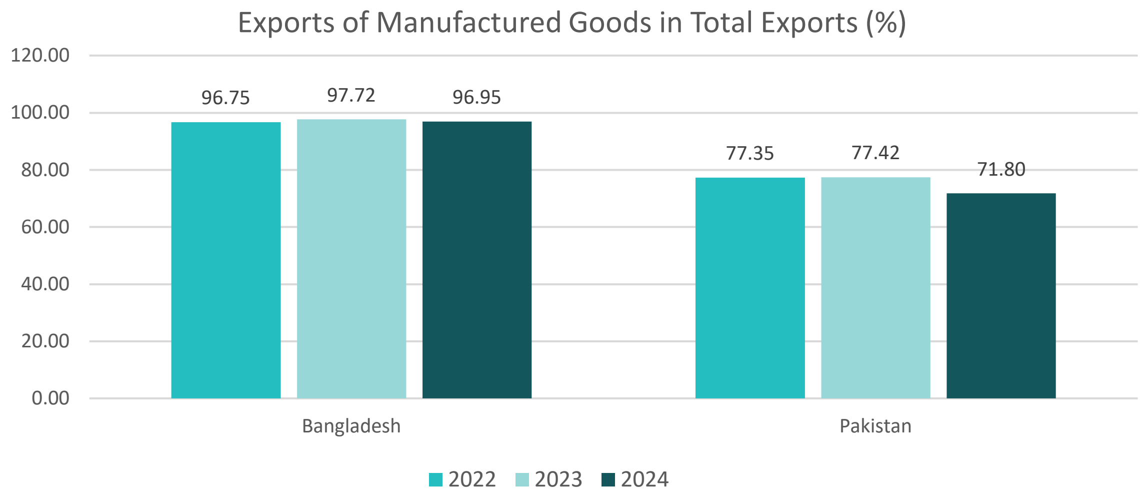
Figure 3: Exports of Manufactured goods, Bangladesh vs Pakistan



Data Source: Pakistan Bureau of Statistics & Bangladesh Bureau of Statistics

The share of manufactured goods in total exports is relatively high for Bangladesh as compared to Pakistan's. Bangladesh's manufacturing sector contributes a substantial 96.95% of the country's total exports, underscoring its dominant role in the economy. In comparison, Pakistan's manufacturing sector accounts for 71.80% of its total exports, highlighting its importance, though to a lesser extent than in the case of Bangladesh.

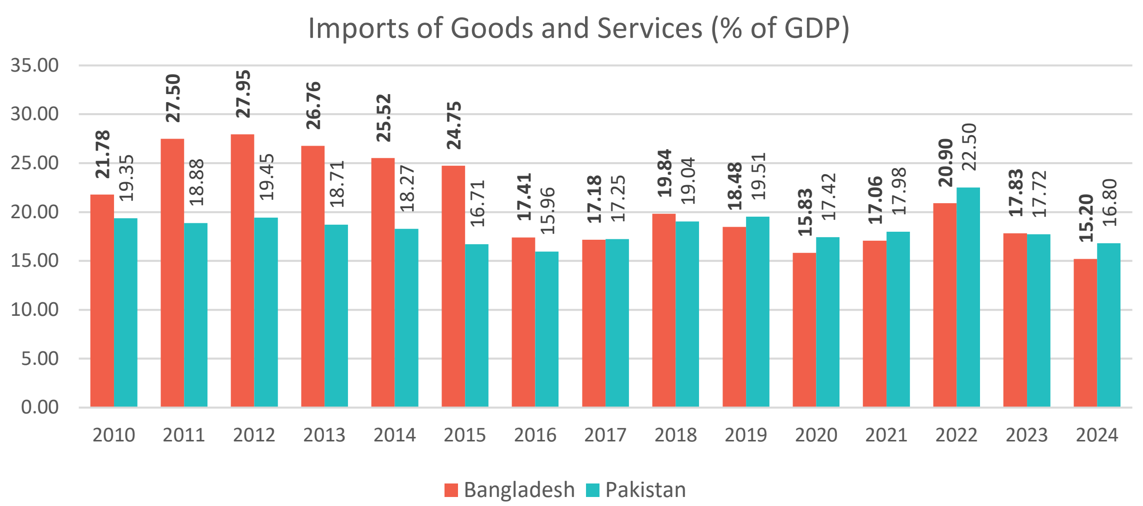
Figure 4: Share of exports of Manufactured goods in total exports



Data Source: Pakistan Bureau of Statistics & Bangladesh Bureau of Statistics

In terms of imports, both countries exhibit rising import trends, but Bangladesh has managed to maintain a favorable trade balance due to its stronger export performance. Bangladesh's imports as % of GDP were higher till 2015, constituting 24.75% compared to 16.71% for Pakistan's. The gap reduced to almost negligible between Bangladesh and Pakistan in 2016 and in the following years. Bangladesh's imports as % of GDP are declining while for Pakistan it is slightly volatile but moving around 17.00% in the long run. Bangladesh's imports are primarily driven by the need for raw materials and capital goods to support its growing manufacturing sector. Pakistan's import trends, on the other hand, reflect its reliance on imported energy and consumption goods, contributing to a persistent trade deficit.

Figure 5: Imports of Goods and Services



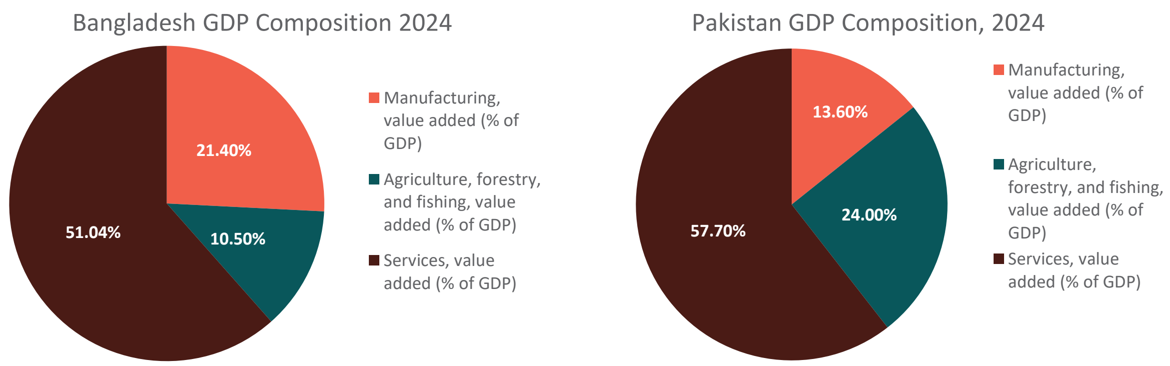
Data Source: World Development Indicators

1.3 GDP Composition

In 2024, Pakistan's services sector contributed 57.70% to the GDP, while the contribution of the services sector in Bangladesh was 51.04% to its GDP, indicating the importance of this sector for both economies. However, the significant difference between the two economies was in the contribution of the manufacturing and the agricultural sectors to their respective GDPs. While Pakistan's manufacturing sector, including LSM, SSM and Slaughtering activities, contributed 13.60% to GDP, the manufacturing sector's contribution to Bangladesh's GDP was 21.40%.

From a policy perspective, the composition of the manufacturing sector is equally important, with industry in Pakistan mainly producing products of a lower sophistication/technology level compared to their counterparts in Bangladesh which has been concentrating on value-added exports. As an example, the top five exports of Pakistan at the two-digit level are cotton and textile products. On the other hand, Bangladesh's top five exports mainly comprise textiles and apparel, indicating a comparatively more value-added product mix.

Figure 6: GDP composition

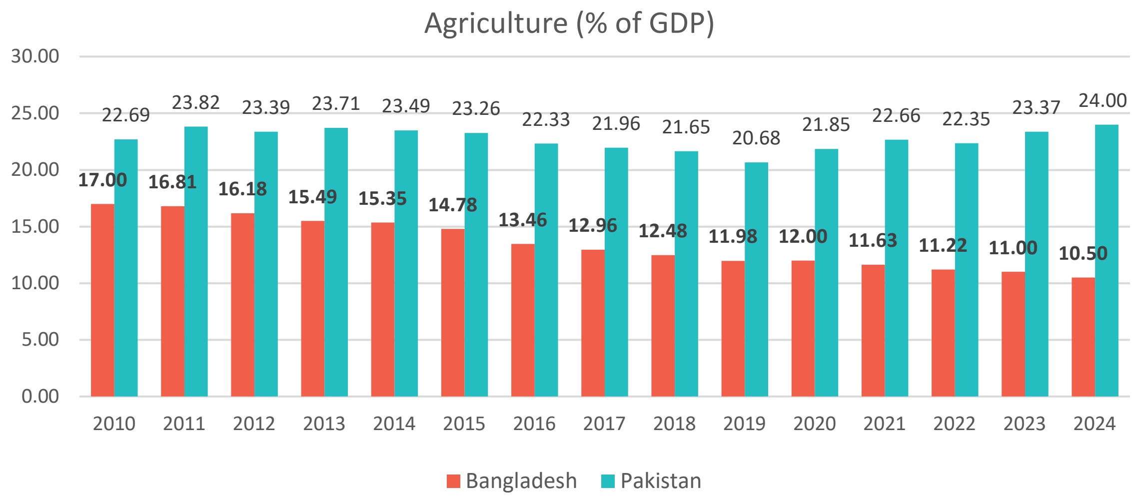


Data Source: World Development Indicators

1.4 Sectoral Growth Trends

The share of agriculture in Bangladesh's GDP has been steadily declining, indicating a shift away from an agrarian economy. In 2010, agriculture contributed 17.00% to GDP, but by 2024, this had decreased to 10.50%. This trend reflects Bangladesh's gradual movement towards industrialization and a more service-oriented economy. Pakistan's agriculture sector continues to play a larger role in its economy compared to Bangladesh. In 2010, agriculture contributed 22.69% to GDP, and although it has fluctuated over the years, it still accounted for 24.00% in 2024.

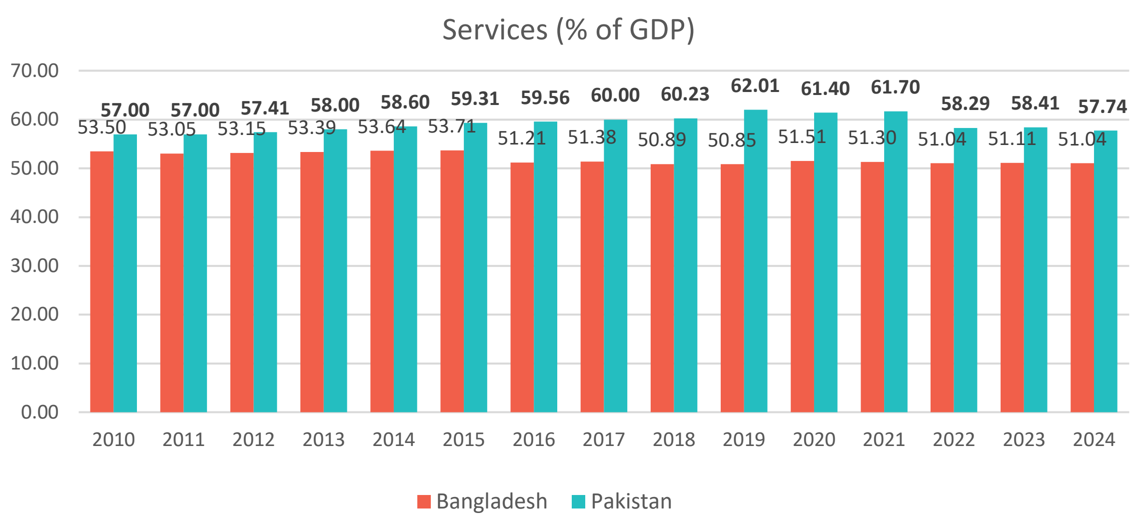
Figure 7: Share of Agriculture in total GDP



Data Source: World Development Indicators

Both Bangladesh and Pakistan have economies that are service-dominated, with the sector contributing over 50.00% to GDP in both countries. However, Bangladesh's services sector has maintained more stable growth, supported by rising consumer markets and increased foreign investment in sectors like telecommunications and financial services. Pakistan's services sector, while still the largest contributor to GDP, has shown decline in recent years, but still reflecting a more domestically focused service economy.

Figure 8: Share of Services in total GDP



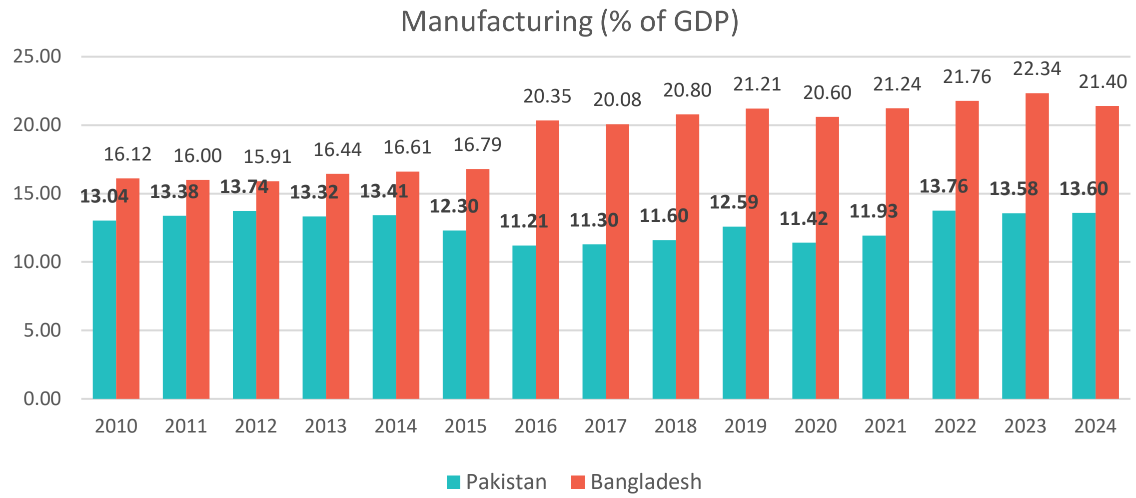
Data Source: World Development Indicators and PBS

In the manufacturing sector, Bangladesh has not only outpaced Pakistan in terms of its share of GDP but also demonstrated more consistent growth.

Bangladesh has experienced a steady and substantial increase in the share of manufacturing in its GDP over the past decade. In 2010, manufacturing accounted for 16.12% of GDP, and by 2024, this share had increased to 21.40%. This growth is reflective of Bangladesh's successful industrialization strategy, particularly in the textiles and garments sector, which has driven much of the manufacturing expansion.

In contrast, Pakistan's manufacturing sector has exhibited more volatility and stagnation. In 2010, manufacturing made up 13.04% of GDP, and by 2024, this share had only slightly increased to 13.60%. Pakistan's manufacturing sector has faced structural challenges, including energy shortages and limited export diversification, which have constrained its growth.

Figure 9: Share of Manufacturing sector in total GDP

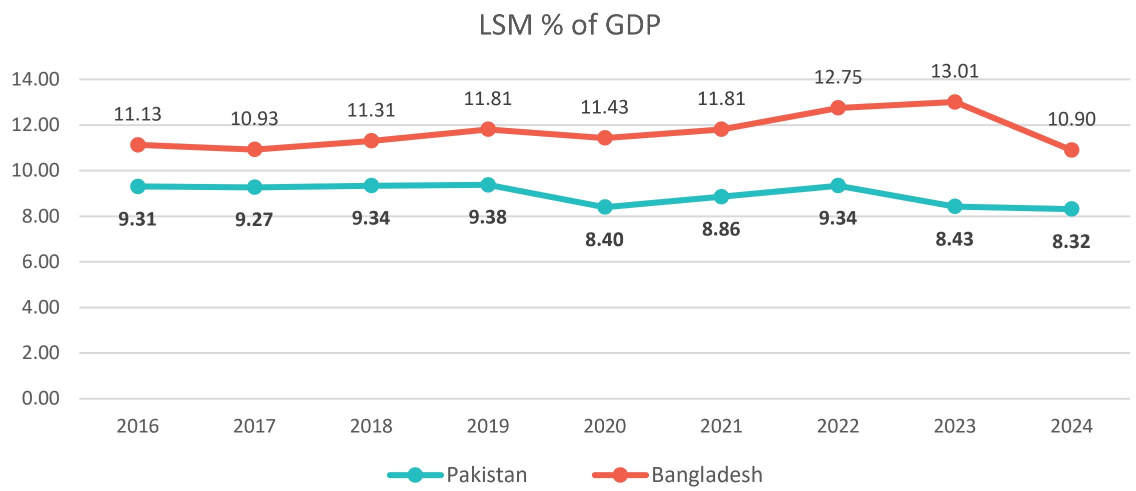


Data Source: Pakistan Bureau of Statistics & Bangladesh Bureau of Statistics

1.5 Comparison of LSM

In Bangladesh, the large-scale manufacturing sector has demonstrated consistent and robust growth. In 2017, LSM contributed 10.93% to the country's GDP, and this share has steadily increased, reaching 13.01% by 2023 but decreased to 10.90% in 2024, probably due to political unrest. In contrast, Pakistan's large-scale manufacturing sector has faced significant challenges. In 2022, LSM contributed 9.34% to GDP, but by 2024, this had fallen to 8.32%.

Figure 10: Large Scale Manufacturing as % of GDP



Data Source: Pakistan Bureau of Statistics & Bangladesh Bureau of Statistics

Chapter 2

Trade Performance of Pakistan and Bangladesh

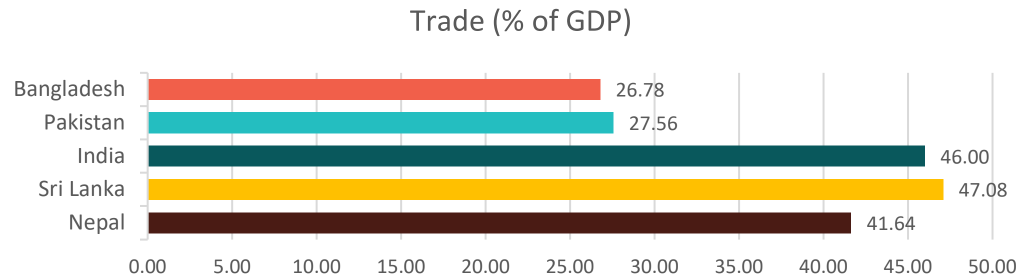
Chapter 2

Trade Performance of Pakistan and Bangladesh

2.1 South Asian Trade Performance

In 2024, Sri Lanka's trade-to-GDP ratio stood at 47.08%, indicating higher trade activity compared to all other South Asian countries, India's stood at 46.00%. Bangladesh had a trade-to-GDP of 26.78% & and Pakistan had a trade-to-GDP of 27.56%.

Figure 11: South Asian Trade as % of GDP



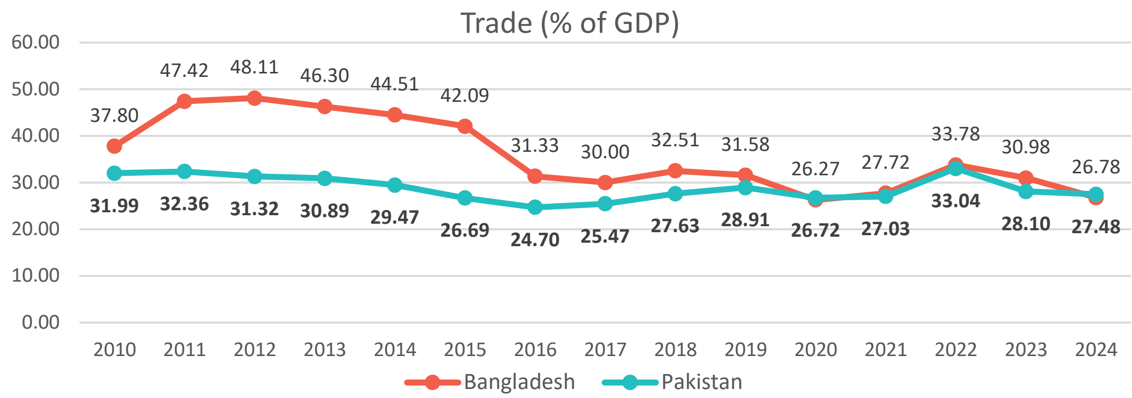
Data Source: World Development Indicators

2.2 Trade Trends of Bangladesh and Pakistan

From 2010 to 2024, Bangladesh has exhibited substantial fluctuations in its trade-to-GDP ratio. In 2010, the trade-to-GDP ratio was 37.80%, and it reached a peak of 48.11% in 2012. However, starting from 2014, Bangladesh's trade-to-GDP ratio began a gradual decline, falling to 42.09% by 2015 and continuing downward to a low of 26.27% in 2020. Post-pandemic, the ratio showed some recovery, with trade contributing 33.78% to GDP in 2022, but this dropped again to 26.78% in 2024.

In comparison, Pakistan's trade-to-GDP ratio has been lower and has followed a somewhat declining path over the same period. From 31.99% in 2010, the ratio fell steadily to 24.70% in 2016. Though there was some recovery after 2016, peaking at 33.04% in 2022, it dropped again to 27.48% in 2024.

Figure 12: Trade as % of GDP



Data Source: World Development Indicators

2.3 Growth Rates of Exports

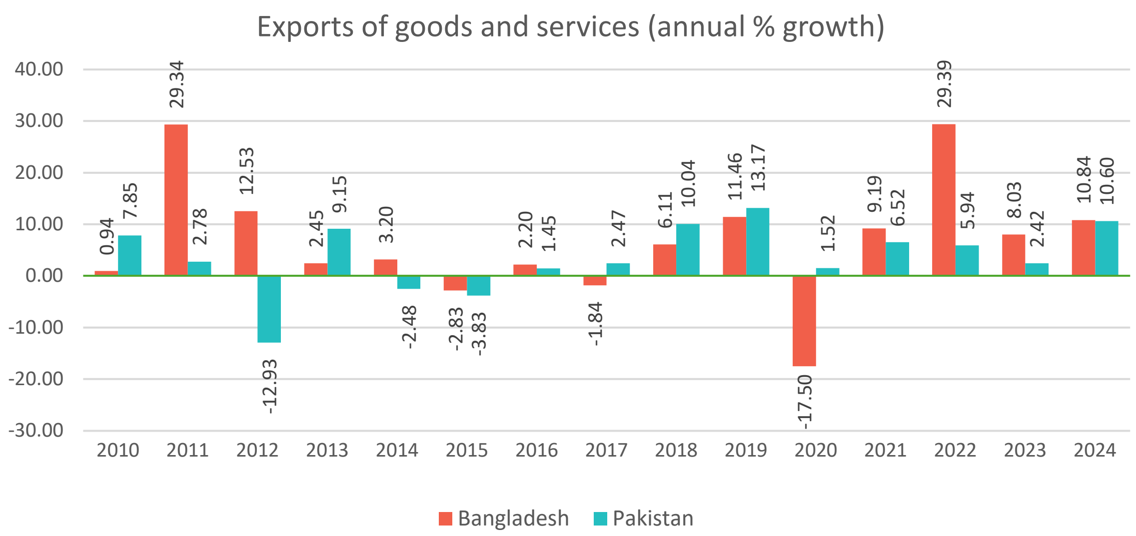
Bangladesh experienced relatively strong export growth from 2010 till 2014, particularly in 2010, when exports increased by 29.34%, followed by consistent growth rates in subsequent years. By 2014, the growth rate reached 3.20%. Between 2015 and 2018, Bangladesh saw both declines and recoveries in its export growth. Notably, the country experienced negative growth in 2015 (-2.83%) and 2017 (-1.84), Bangladesh managed to recover in 2016 (+2.20%) and surged by 6.11% in 2018.

The period from 2019 onwards has exhibited high volatility in Bangladesh's export performance, largely due to the global economic disruptions caused by the COVID-19 pandemic. In 2019, exports grew by an impressive 11.46%, only to plummet by -17.50% in 2020 as the pandemic severely disrupted global trade. Bangladesh rebounded strongly in 2021 with 9.19% growth, and exports surged by 29.39% in 2022. However, in 2023, growth slowed to 8.03%, probably due to the decrease in global demand, but after the recovery in 2024, Bangladesh's exports growth reached to 10.84%.

Pakistan's export growth during the same period tells a story of stagnation and struggles, with persistent negative growth and limited recovery, indicating significant challenges faced by the country's export sector. Pakistan's export growth from 2010 till 2014 was relatively modest compared to Bangladesh. Starting with 7.85% in 2010, Pakistan's exports experienced a slowdown, with growth rates dropping to 2.78% in 2011. By 2013, exports declined significantly, with a growth rate of -12.93%, highlighting structural issues in Pakistan's export base. However, in 2014, the export sector recovered slightly, achieving a growth rate of 9.15%. However, 2017 marked a turnaround, with positive growth of 1.45%. Although the country witnessed modest recovery in 2018 (+2.47%) and a significant increase in 2019 (+10.04%), these gains were short-lived, and Pakistan struggled to maintain consistent growth.

Like Bangladesh, Pakistan's export growth was heavily impacted by the COVID-19 pandemic in 2020, leading to a slight contraction of -1.52%. However, the country did manage to rebound with a growth rate of 13.17% in 2021. Unfortunately, this was followed by a more subdued growth rate of 6.52% in 2022 and a further slowdown to 2.42% in 2023. In 2024, Pakistan' exports growth recovered and reached to 10.60%, making it closer to Bangladesh's growth.

Figure 13: Growth in Exports of Goods and Services



Data Source: World Development Indicators

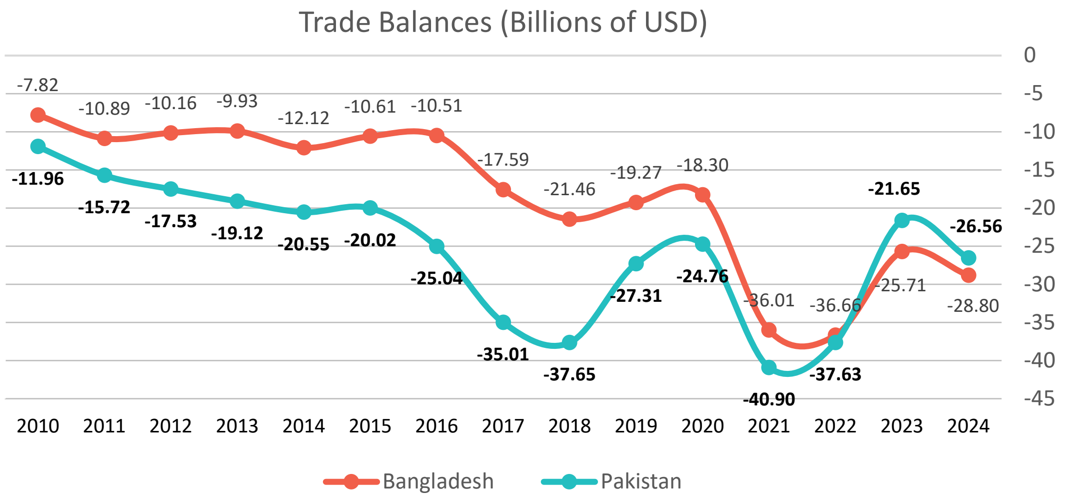
2.4 Trade Balances

Both Bangladesh and Pakistan have faced persistent trade deficits over the years. However, Bangladesh has managed relatively better in stabilizing its deficits, particularly in recent years, while Pakistan continues to face structural challenges that result in larger and more volatile trade imbalances.

The period, 2016 to 2024, saw fluctuations in the trade deficit, with a notable widening. In 2018, the deficit surged to -21.46 billion USD, nearly doubling from earlier years. This sharp increase can be attributed to strong domestic demand for imported goods and a relatively slower growth in exports. The deficit peaked at -36.66 billion USD in 2022, the highest over the 13-year span, driven by high import bills, particularly for machinery and capital goods as the country aimed to boost its manufacturing capabilities. In 2023, Bangladesh's deficit improved significantly to -21.65 billion USD but increased again to -28.80 billion USD in 2024.

Similarly, Pakistan has faced persistent trade deficits, but the scale of these deficits has generally been larger and more volatile than Bangladesh's. Pakistan's trade deficit worsened over the period 2010 to 2018, from -11.96 billion USD in 2010 to -37.65 billion USD in 2018. From 2018 to 2024, Pakistan's trade deficit showed high volatility, with a peak deficit of -40.90 billion USD in 2021 and recovery to -21.65 billion USD in 2023. The volatility is continuous, the deficit increased to -26.56 billion USD in 2024 which is better than that of Bangladesh.

Figure 14: Trade Balances



Data Source: World Development Indicators

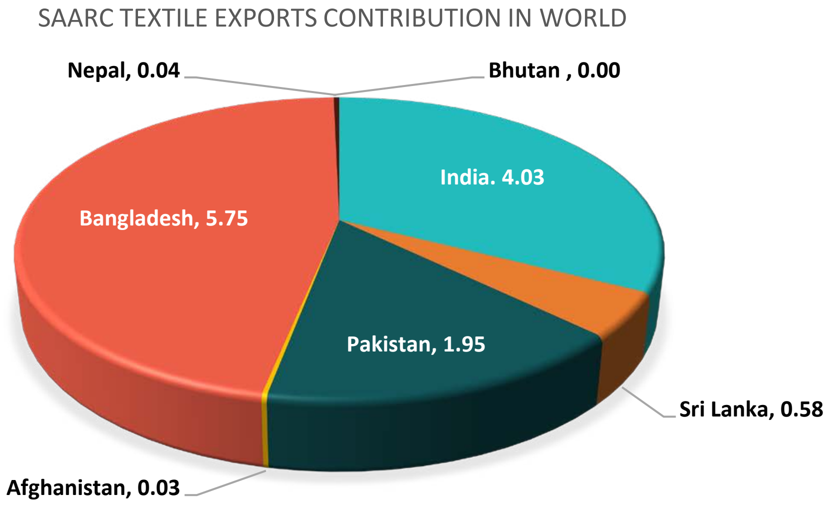
2.5 SAARC performance in Textile Exports

Among South Asian nations, three major players dominate the textile export sector: Bangladesh, India, and Pakistan. As of 2024, Bangladesh leads as the top textile exporter in the region, accounting for 5.75% of total global textile exports.

India holds the second position in South Asia, contributing 4.03% to global textile exports. Pakistan ranks third among South Asian textile exporters, with a 1.95% share in the global market.

Other South Asian countries contribute minimally to global textile exports and do not hold a substantial share in this sector. This disparity highlights the concentrated nature of textile production within South Asia, with Bangladesh, India, and Pakistan emerging as the dominant players.

Figure 15: SAARC textile exports contribution in the World



Data Source: International Trade Center

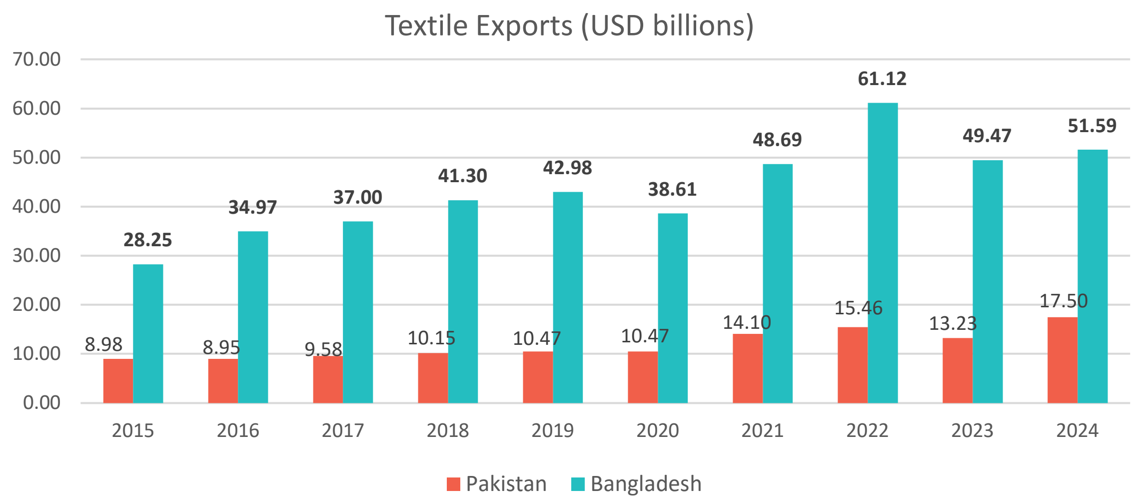
2.6 Textile Exports of Pakistan and Bangladesh

Over the years, Bangladesh has shown remarkable growth in its textile export values, establishing itself as a global leader in this sector.

From 2015 to 2022, Bangladesh's textile exports surged from USD 28.25 billion to an impressive USD 61.12 billion. However, in 2023, Bangladesh's textile export value declined to USD 49.47 billion and recovered again to USD 51.47 billion in 2024.

In comparison, Pakistan's textile export values have grown at a much slower pace. Textile exports rose from USD 8.98 billion in 2015 to USD 15.46 billion in 2022. However, similar to Bangladesh, Pakistan saw a decline in 2023, with textile exports decreasing to USD 13.23 billion and a recovery in 2024, reached to USD 17.50 billion.

Figure 16: Textile Exports



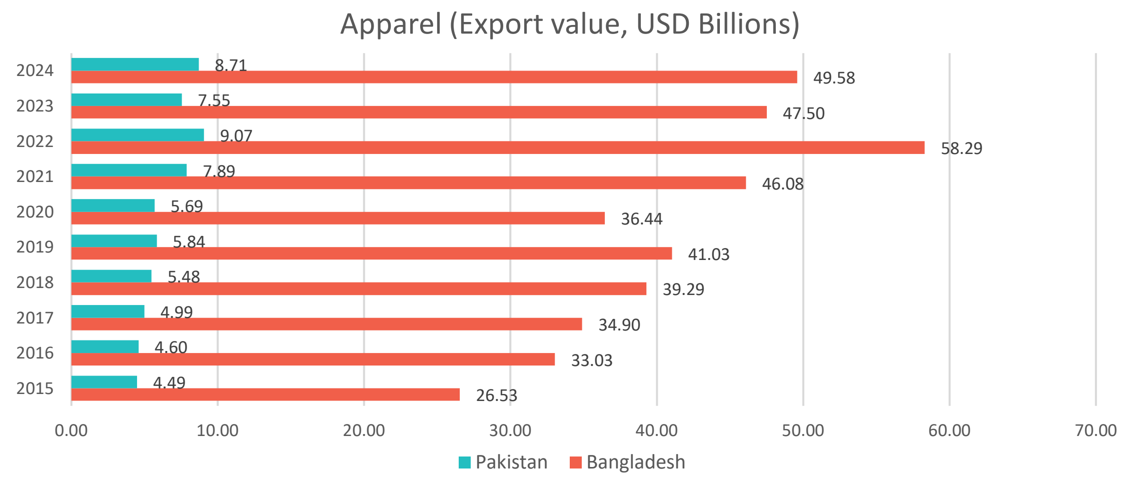
Data Source: International Trade Center

2.7 Apparel Exports

Apparel exports represent a crucial segment within the textile industry for both Bangladesh and Pakistan, serving as a significant indicator of their overall export performance. Bangladesh has outperformed Pakistan with impressive growth in apparel export values in recent times. In 2015, Bangladesh's apparel exports were valued at USD 26.53 billion. By 2024, this figure had nearly doubled, reaching USD 49.58 billion.

In contrast, Pakistan's apparel export growth has been considerably slower. Starting at USD 4.49 billion in 2015, Pakistan's apparel exports reached only USD 8.71 billion in 2024.

Figure 17: Apparel Exports

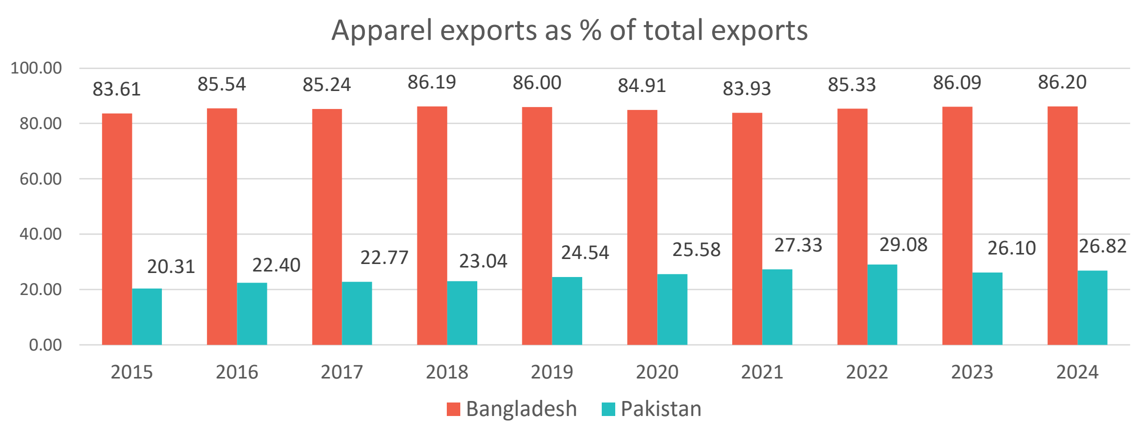


Data Source: International Trade Center

Bangladesh's economy is heavily dependent on apparel exports, with apparel contributing 86.20% of the country's total exports in recent years. This high share illustrates Bangladesh's reliance on the apparel sector as a key driver of export revenue. In contrast, Pakistan's apparel sector represents a smaller portion of its total exports—26.82%—indicating a more diversified export portfolio.

The data over recent years also highlights a distinct trend in the stability and growth of apparel's share in each country's exports. Bangladesh has maintained a stable apparel export share, consistently between 85.00% and 86.00% of total exports. Pakistan, however, has seen a gradual increase in apparel's share of exports, from 20.31% in 2015 to 29.08% in 2022, followed by a slight decline to 26.82% in 2024. This growth trend suggests a slow but steady shift toward increasing reliance on apparel within Pakistan's export structure.

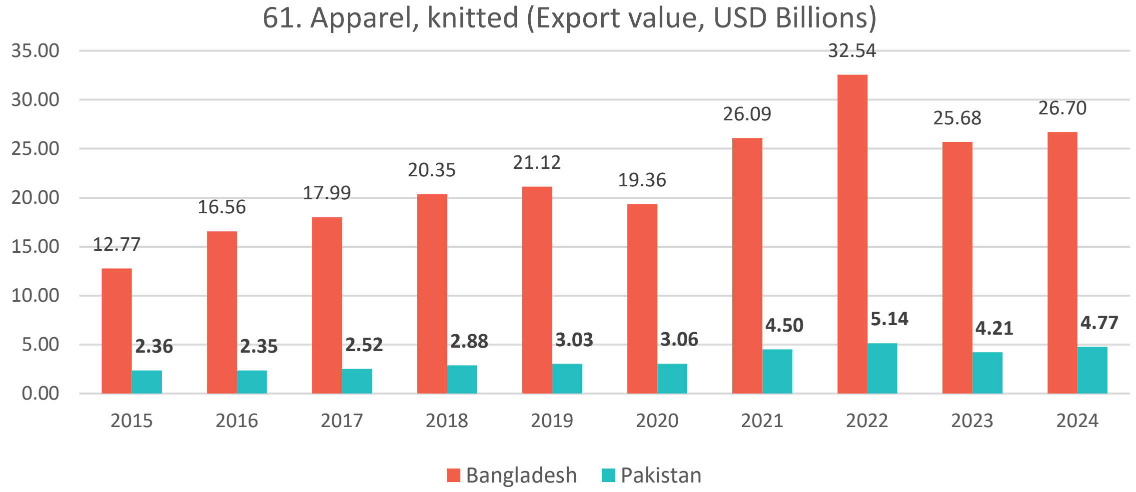
Figure 18: Share of Apparel exports in total Exports



Data Source: International Trade Center

Within the categories of knitted and woven garments (HS61 and HS62), Bangladesh and Pakistan's performance in the textile sector, reveals contrasting growth trajectories. For knitted garments, Bangladesh's exports have shown a strong upward trend, starting from USD 12.77 billion in 2015 and reaching an impressive USD 32.54 billion by 2022. Although there was a slight decline after 2022, with exports falling to USD 26.70 billion in 2024. In contrast, Pakistan's knitted apparel exports have been far lower and slower to grow. From USD 2.36 billion in 2015, Pakistan's exports in this category only managed to reach USD 4.77 billion in 2024.

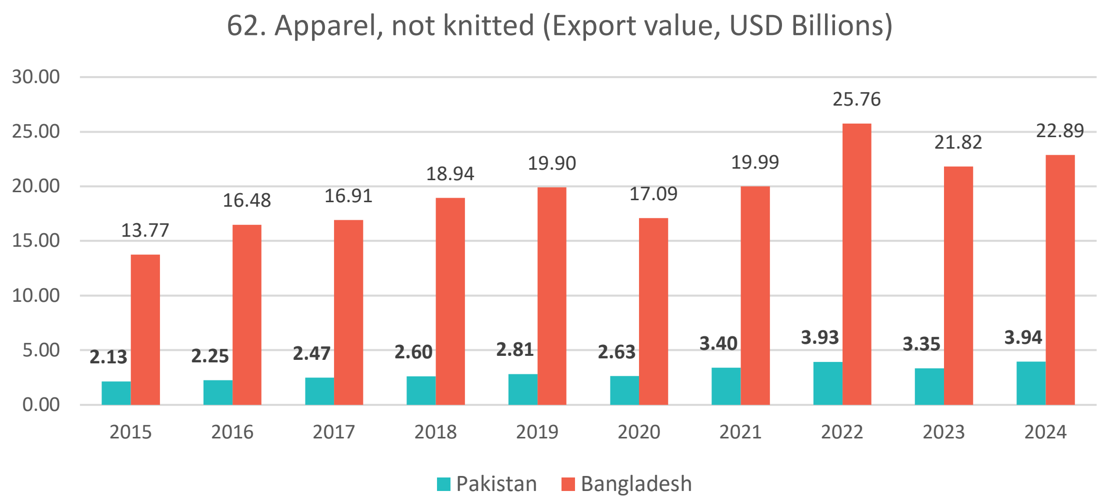
Figure 19: Expots of Knitted Apparel



Data Source: International Trade Center

A similar trend can be observed in woven garments. Bangladesh's export value for woven apparel was USD 13.77 billion in 2015, and this figure surged to USD 22.89 billion in 2024. Pakistan, however, has not experienced comparable success. In 2015, Pakistan's woven garment exports were valued at USD 2.13 billion, and by 2024, they had only increased to USD 3.94 billion.

Figure 20: Exports of Woven Apparel



Data Source: International Trade Center

Chapter 3

Comparative Advantage, CAGR, and Unit Value for Apparel in major importing countries

Chapter 3

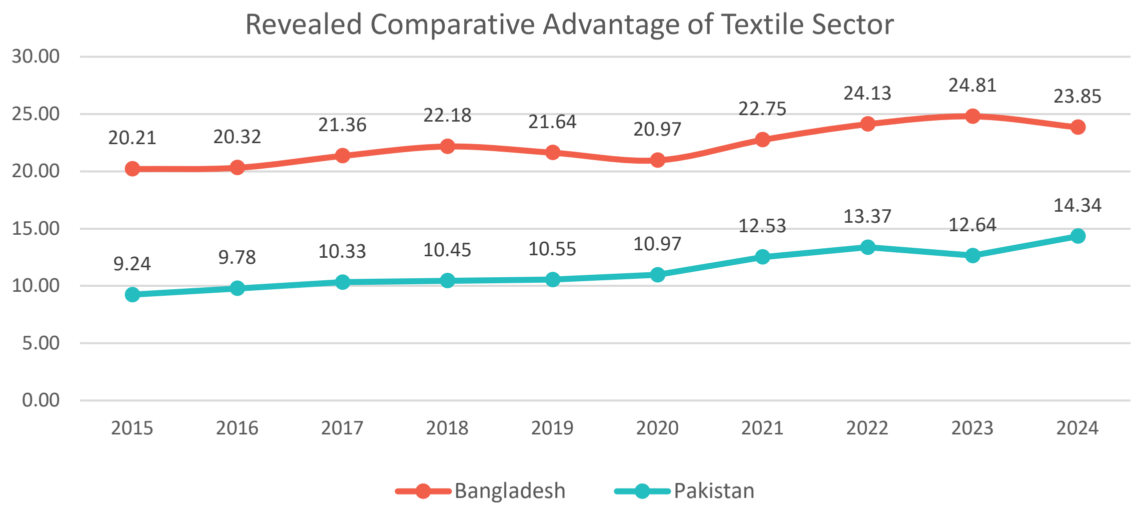
Comparative Advantage, CAGR, and Unit Value for Apparel in major importing countries

3.1 Revealed Comparative Advantage

The comparative advantage in the textile sector highlights the differences in export performance between Bangladesh and Pakistan, with Bangladesh showing a significantly stronger position. The concept of Revealed Comparative Advantage (RCA) measures a country's relative advantage or disadvantage in a particular sector, indicating its export competitiveness on the global stage.

According to the RCA values for 2024, Bangladesh demonstrates a notably high comparative advantage in textiles, with an RCA of 23.85. In contrast, Pakistan which also holds a comparative advantage in textiles, but to a much lesser RCA of 14.34 in 2024. Pakistan's comparative advantage is significantly lower than Bangladesh's, indicating a less specialized position in the global market. Examining the trend over the past decade, both countries have experienced an upward trajectory in their RCAs, showing increasing specialization and reliance on textile exports.

Figure 21: Revealed Comparative Advantage of Textile Sector

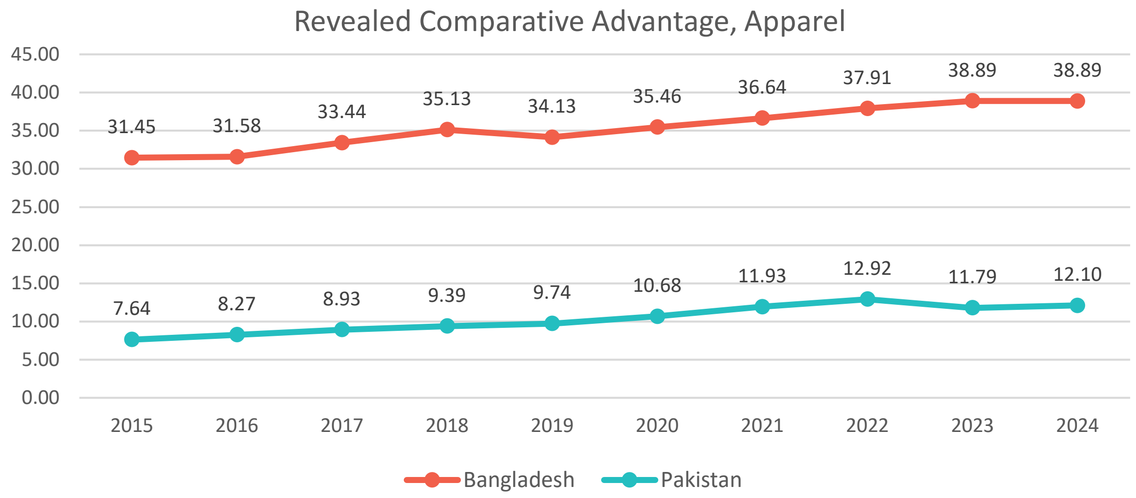


Data Source: International Trade Center

As can be seen in Figure below, the revealed comparative advantage (RCA) for apparel exports for Bangladesh stands at an impressive 38.89, in contrast, Pakistan's RCA for apparel exports is comparatively lower at 12.10.

The widening gap in RCA between Bangladesh and Pakistan can be attributed to several factors, including infrastructure development, access to international markets, and the ability to adapt to changing consumer preferences.

Figure 22: Revealed Comparative Advantage of RMG



Data Source: International Trade Center

The following table presents the revealed comparative advantage (RCA) for apparel articles at the HS04 level for Pakistan and Bangladesh from 2019 to 2024. This analysis focuses on Pakistan's articles that exhibit a comparative advantage, defined as having an RCA equal to or greater than 1.

Within the knitted articles category, Pakistan demonstrates notable strengths in four specific HS codes: 6103 (Men's or boys' suits, ensembles, jackets...), 6115 (Pantyhose, tights, stockings, socks...), 6116 (Gloves, mittens and mitts, knitted), and 6117 (Made-up clothing accessories, knitted).

In the woven articles category, Pakistan also showcases its comparative advantages with RCA values surpassing those of Bangladesh in several key articles, specifically in HS codes 6207 (Men's or boys' singlets and other vests...), 6214 (Shawls, scarves, mufflers, knitted), 6216 (Gloves, mittens and mitts, knitted), and 6217 (Made-up clothing accessories...).

While Bangladesh has established itself as a dominant player in the apparel sector, Pakistan's performance in these specific articles indicates a potential for competitive strength and growth. The identification of these articles where Pakistan outperforms Bangladesh in RCA provides a foundation for targeted strategies that can enhance Pakistan's market position and capitalize on its comparative advantages. There are articles (6213 and 6215), where Pakistan's RCA is lower than Bangladesh's, but the values remain relatively close. By focusing on these areas, Pakistan can potentially strengthen its overall apparel export performance and improve its competitiveness on the global stage. The articles highlighted as green are those for which Pakistan's RCA is greater than that of Bangladesh.

Table 1: Revealed Comparative Advantage

		2020		2021		2022		2023		2024	
		Bangladesh	Pakistan	Bangladesh	Pakistan	Bangladesh	Pakistan	Bangladesh	Pakistan	Bangladesh	Pakistan
61. Knitted RCA											
6101	Men's or boys' overcoats, car coats...	30.09	13.93	35.23	13.7	31.98	14.78	35.28	13.23	31.29	11.72
6102	Women's or girls' overcoats, car coats...	30.51	2.43	32.38	0.94	34.97	1.13	32.39	1.32	29.59	0.75
6103	Men's or boys' suits, ensembles, jackets...	23.05	33.6	28.61	37.58	29.28	42.7	29.12	41.2	31.75	43.29
6104	Women's or girls' suits, ensembles, jackets...	31.86	5.03	33.55	5.29	34.85	5.43	33.28	5.19	32.90	5.44
6105	Men's or boys' shirts, knitted...	54.03	48.15	52.79	59.61	55.49	58.16	57.86	45.79	51.04	41.66
6106	Women's or girls' blouses, shirts...	35.48	13.19	35.45	14.26	39.64	14.83	40.56	12.95	36.64	10.14
6107	Men's or boys' underpants, briefs...	41.74	12.41	44.1	13.51	46.74	12.49	52.84	12.05	51.66	10.95
6108	Women's or girls' slips, petticoats, briefs...	35.11	1.76	38.83	1.38	40.22	1.39	38.32	1.72	38.67	2.01
6109	T-shirts, singlets and other vests, knitted	59.24	7.78	59.8	9.4	60.26	10.12	64.13	9.54	61.31	9.61
6110	Jerseys, pullovers, cardigans, waistcoats...	40.52	6.95	41.68	9.46	42.88	10.74	45.08	8.54	43.64	8.46
6111	Babies' garments and clothing accessories...	55.75	5.3	56.78	5.59	53.95	6.94	59.12	10.35	57.57	9.71
6112	Track-suits, ski-suits and swimwear, knitted	16.39	6.57	13.67	6.38	14.43	5.93	12.61	5.54	12.21	6.82
6113	Garments, knitted or crocheted, rubberised...	12.69	0.52	11.69	0.54	10.93	0.87	13.87	2.42	14.77	2.40
6114	Special garments for professional, sporting...	22.46	1.12	27.94	1.12	26.17	1.11	22.93	1.16	22.97	1.53
6115	Pantyhose, tights, stockings, socks...	1.06	24.62	1.06	27.19	1.2	28.4	0.93	27.69	1.00	28.26
6116	Gloves, mittens and mitts, knitted	2.87	43.47	3.35	42.73	2.79	42.36	2.83	42.55	2.44	40.96
6117	Made-up clothing accessories, knitted	4.21	16.66	6.28	7.93	2.69	5.54	2	4.48	1.83	4.13
62. Not Knitted RCA											
6203	Men's or boys' suits, ensembles ...	59.06	40.25	60.01	44.97	61.26	46.06	63.21	40.56	62.93	43.31
6204	Women's or girls' suits, ensembles...	33.65	3.34	31.69	3.42	32.66	3.97	31.66	4.29	32.30	4.42
6205	Men's or boys' shirts, knitted	75.89	0.75	68.12	0.87	70.32	1.18	76.91	1.29	76.07	0.98
6207	Men's or boys' singlets and other vests...	31.78	59.64	34.98	54.16	32.23	57.57	35.31	61.13	39.38	62.91
6208	Women's or girls' singlets...	10.95	16.02	15.17	9.12	17.49	10.84	17.22	10.51	20.77	9.57
6209	Babies' garments and clothing, knitted	73.55	3.86	69.63	4.17	64.87	6.38	74.13	7.46	69.30	9.27
6211	Tracksuits, ski suits, swimwear, knitted	13.11	3.28	13.61	2.92	15.3	3.1	16.37	3.56	15.37	3.45
6212	Brassieres, girdles, corsets, braces ...	24.03	0.31	24.26	0.26	23.2	0.34	20.6	0.34	21.58	0.25
6213	Handkerchiefs, knitted	1.36	0.48	3.17	0.74	1.65	1.47	0.5	1.76	1.15	0.98
6214	Shawls, scarves, mufflers..., knitted	1.48	0.43	1.68	0.71	0.67	1.28	1.42	1.27	0.58	1.60
6215	Ties, bow ties and cravats…, knitted	1.99	0.9	31.27	1.18	1.36	1.05	1.27	1.06	1.26	0.42
6216	Gloves, mittens and mitts, knitted	1.72	18.72	1.98	19.79	2.39	19.96	3.79	15.99	2.81	17.85
6217	Made-up clothing accessories...	4.47	2	3.1	1.76	3.96	1.85	2.05	2.15	1.53	1.93

Data Source: Author's own calculation based on data taken from World Integrated Trade Statistics, Green represents Pakistan's RCA greater than Bangladesh's, Blue represents Bangladesh's RCA greater than Pakistan's

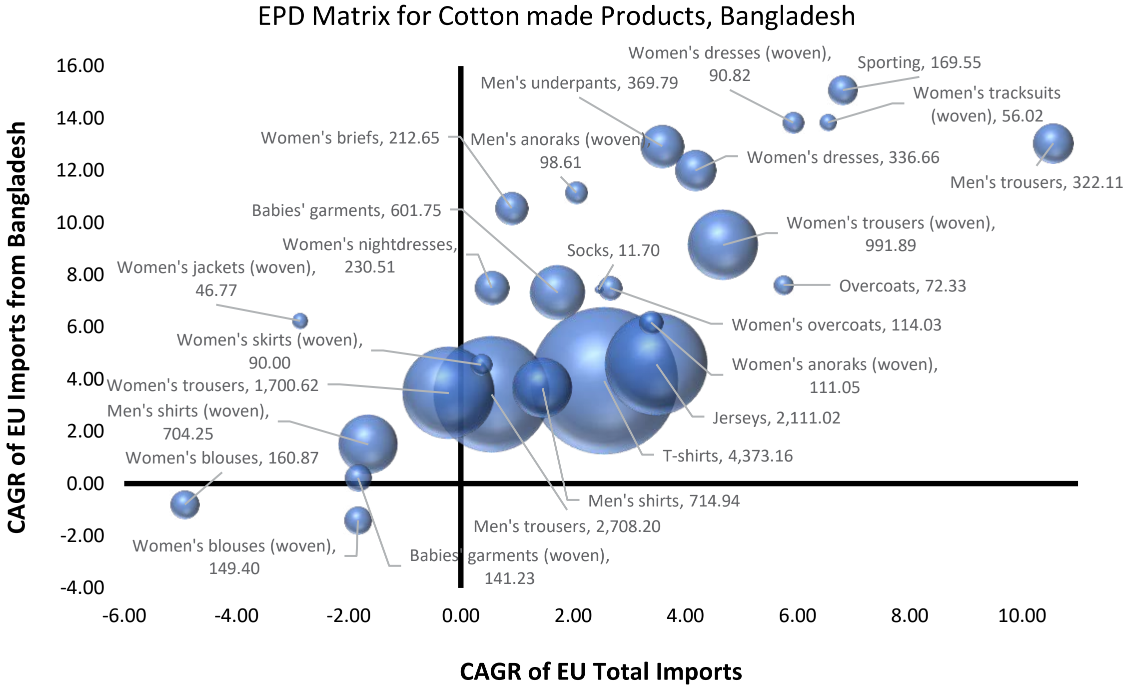
3.2 EPD Matrix using CAGR

The Export Portfolio Diversification (EPD) Matrix is a tool used to evaluate the performance and potential of export products across different markets. The EPD Matrices below represent the analysis of articles made of Cotton and Synthetic Fibres, Knitted and Woven, in the EU and US markets. The products are selected on the basis of import value greater than $500.00 million. Horizontal axis represnts CAGR of the imports from the world, and vertical axis represents CAGR of the imports from the respective countries.

3.2.1 EPD Matrix for Articles made of Cotton, in the EU market

The following matrices show how Bangladesh and Pakistan are dealing with the European demand for the products made of cotton. Bangladesh, not a cotton producer, is performing better than the cotton producing Pakistan. Total import value in Europe for T-shirts made of cotton in 2024 was $13.86 billion and imports of T-shirts made of cotton from Bangladesh was $4.08 billion. CAGR, for imports of T-shirts made of cotton, from world and Bangladesh is positive, indicating the rising demand for the mentioned product and rising demand for imports from Bangladesh. Similarly, other cotton made products like, Men's trousers, Jerseys, and Women's trousers are the products for which the CAGR from Bangladesh is positive and imports from Bangladesh is over $1.00 billion. Among the top imports, there is no single product for which CAGR of imports from world is positive and that from Bangladesh is negative.

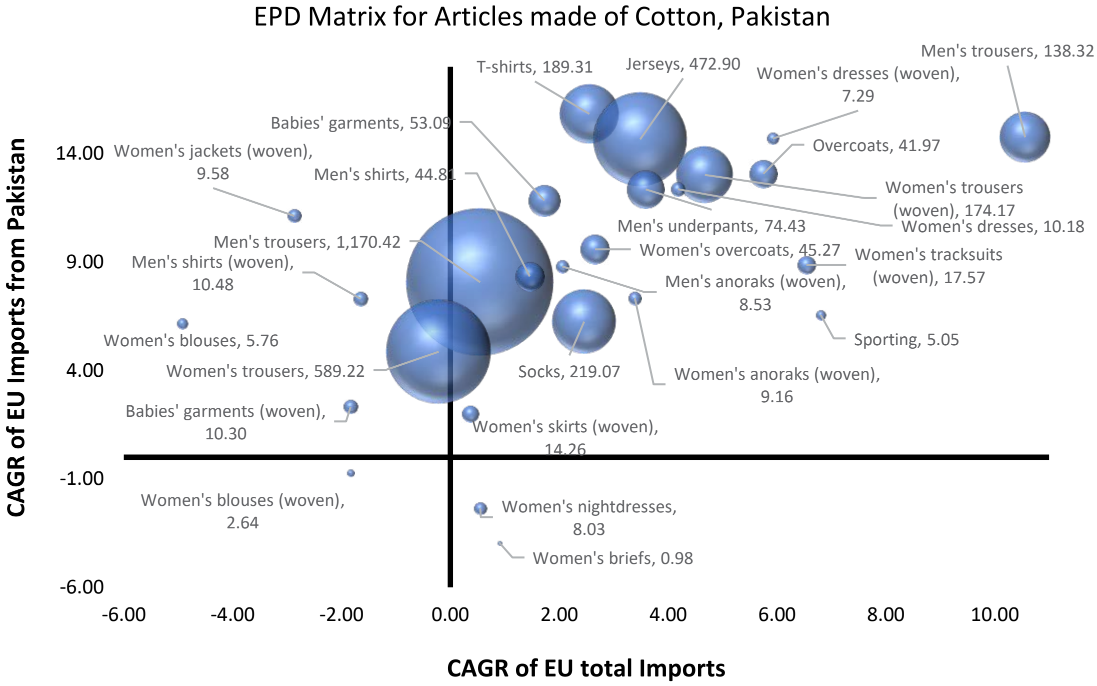
Figure 23: EPD Matrix for Articles made of Cotton exported by Bangladesh to EU



Data Source: Author's own calculation based on data taken from World Integrated Trade Statistics

In contrast, for Pakistan, only cotton made Men's trousers has crossed the $1.00 billion imports in the EU market, in 2024, but is still lower than Bangladesh's $4.37 billion. For all other cotton made high demanded articles in EU, imports from Pakistan are less than $1.00 billion. For most cotton made products, CAGR of imports from Pakistan is positive showing increasing demand for Pakistan made products but lower import values indicate low competitiveness specially compared to Bangladesh. Products like, Women's nightdresses and Women's briefs fall in the botton right quadrant of the matrix showing a much weaker position compared to Bangladesh.

Figure 24: EPD Matrix for Articles made of Cotton exported by Pakistan to EU



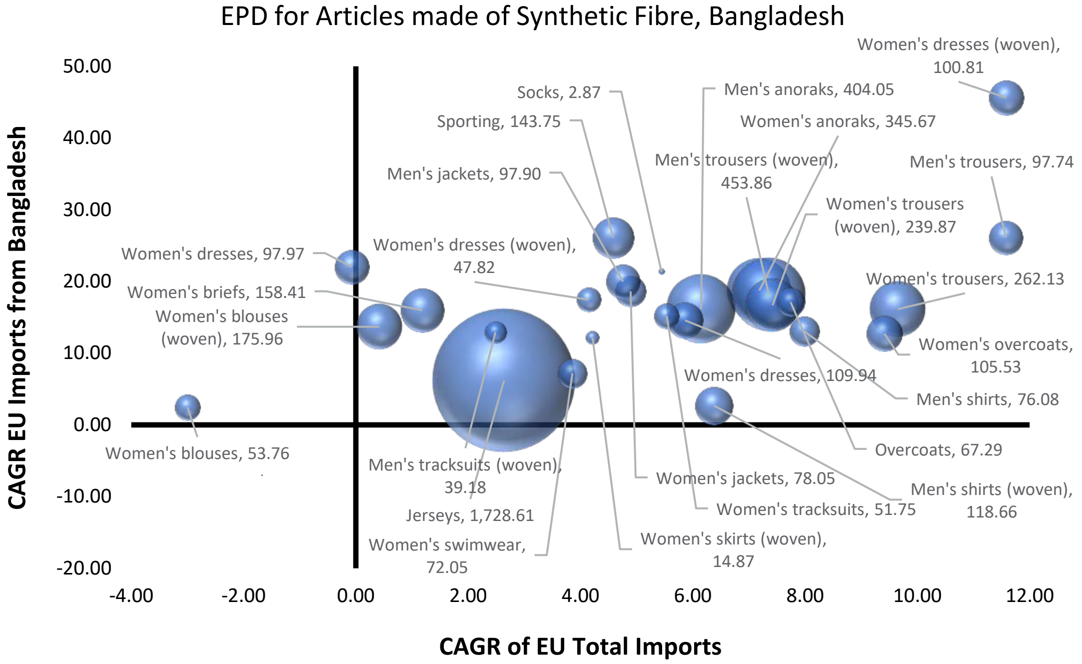
Data Source: Author's own calculation based on data taken from World Integrated Trade Statistics

3.2.2 EPD Matrix for Articles made of Synthetic Fibres, in the EU market

Bangladesh exported $1,728.61 million worth of jerseys to the EU in 2024, while the EU's total imports of jerseys were $9,392.51 million. Bangladesh's jerseys exports grew at a CAGR of 6.18%, outperforming the global CAGR of 2.64%. Women's anorak exports stood at $345.67 million, with a CAGR of 18.73%, compared to the global CAGR of 7.19%. Men's anorak exports amounted to $404.05 million, growing at a CAGR of 16.15%, well above the global growth rate of 6.15%.

Men's woven trousers exports reached $453.86 million, with a CAGR of 18.19%, compared to the global growth rate of 7.35%. Women's trousers exports were $262.13 million, with a CAGR of 16.13%, while women's woven trousers exports were $239.87 million, growing at a CAGR of 16.67%, exceeding the global CAGR of 7.42%. Women's woven dresses exports grew significantly, reaching $100.81 million with a CAGR of 45.6%, compared to the global CAGR of 11.59%. Women's non-woven dresses exports amounted to $109.94 million, with a CAGR of 14.57%, higher than the global growth rate of 5.86%.

Figure 25: EPD Matrix for Articles made of Synthetic Fibres exported by Bangladesh to EU

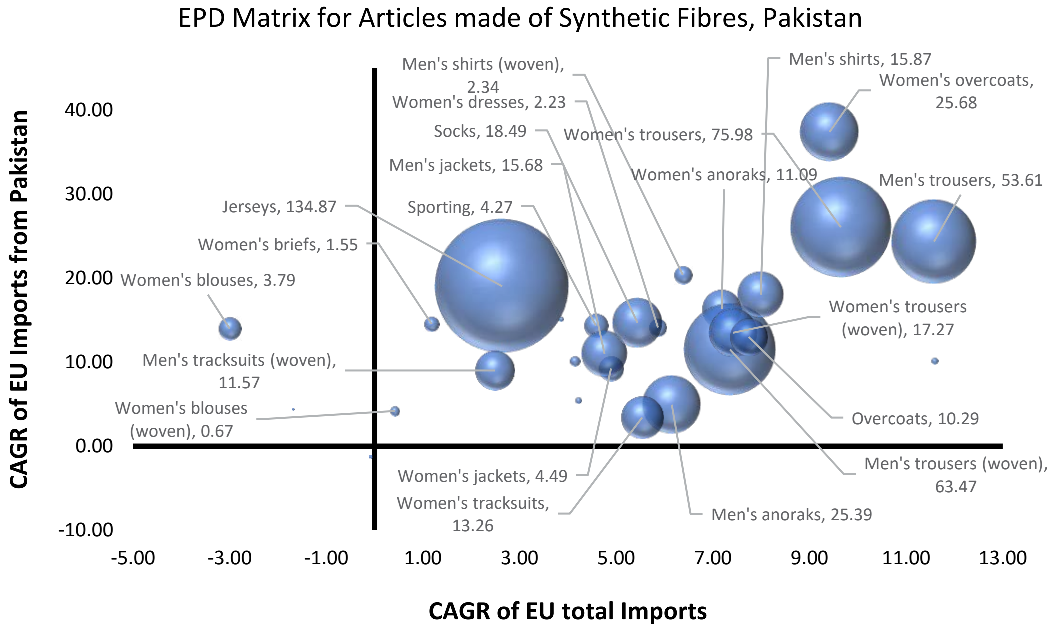


*Data Source:*Author's own calculation based on data taken from World Integrated Trade Statistics

Bangladesh consistently outperforms Pakistan in EU apparel exports across most categories. For jerseys, Bangladesh exported $1,728.61 million in 2024 compared to Pakistan's $134.87 million, despite Pakistan's higher CAGR of 19.03% versus 6.18%. In women's anoraks, Bangladesh's exports reached $345.67 million with a CAGR of 18.73%, far surpassing Pakistan's $11.09 million and 16.32%.

Across categories like women's jackets, briefs, and men's trousers, Bangladesh also maintains a significant advantage in export values and growth, highlighting its established dominance and stronger market presence in the EU apparel market.

Figure 26: EPD Matrix for Articles made of Synthetic Fibres exported by Pakistan to EU

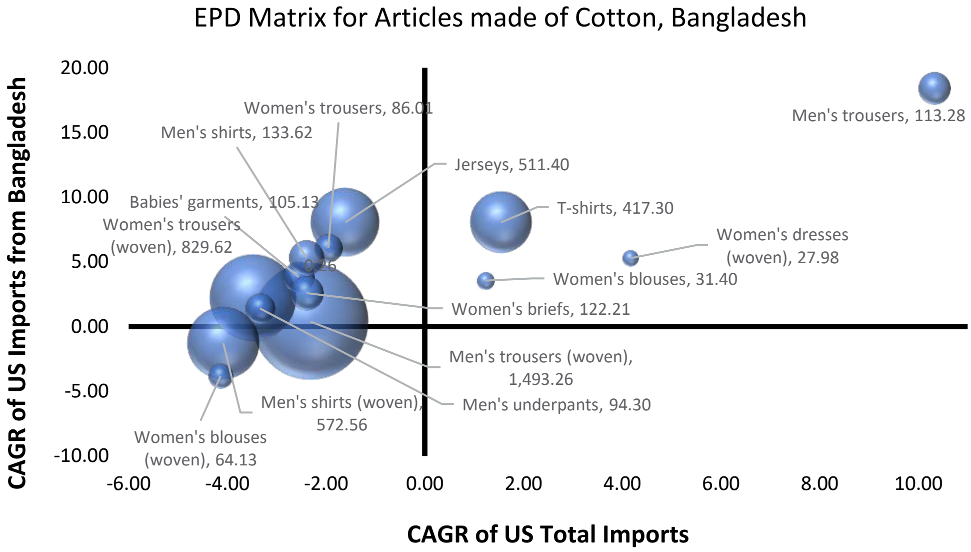


*Data Source:*Author's own calculation based on data taken from World Integrated Trade Statistics

3.2.3 EPD Matrix for Articles made of Cotton in the US market

The matrix below shows the demand for cotton made articles in the US and position of Bangladesh in the US. Demand for cotton made products is decreasing in the US as most of the bubbles fall on the left side of the matrix showing negative CAGR. The articles for which CAGR of imports from world is positive, are men's trousers, t-shirts, women's dresses and blouses. For these articles, the CAGR of imports from Bangladesh is also positive, showing an increasing demand for Bangladeshi products. The leading product, in terms of CAGR is Men's trousers, while the leading product, in terms of import value from Bangladesh is knitted T-shirts.

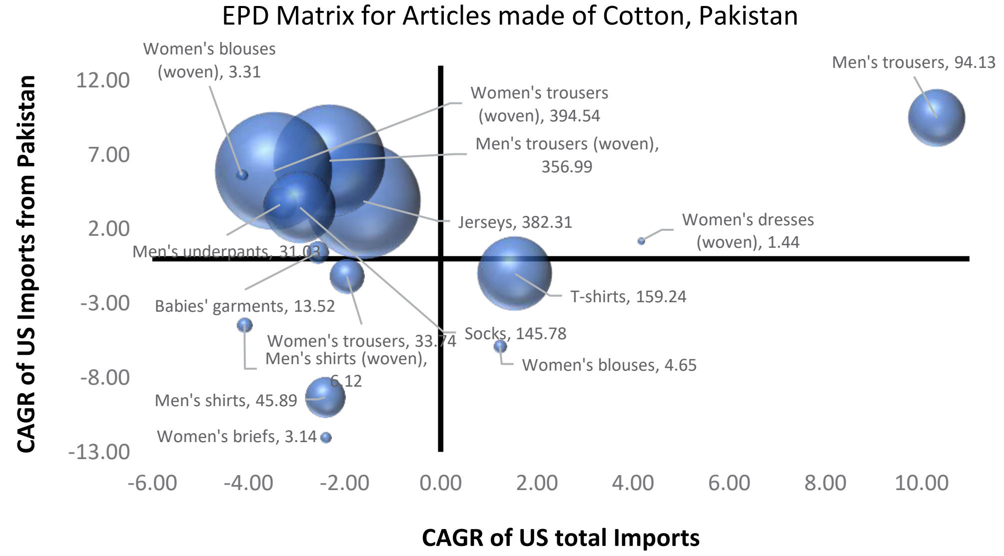
Figure 27: EPD Matrix for Articles made of Cotton exported by Bangladesh to US



*Data Source:*Author's own calculation based on data taken from World Integrated Trade Statistics

On the other hand, in case of Pakistan, there are only two products in the upper right quadrant of the matrix. Men's trousers and women's woven dresses are the products for which there is rising demand for Pakistani made in the US market but Pakistan is unable to compete with Bangladesh in terms of export value. For instance, Bangladesh is exporting $113.28 million worth of Men's trousers while Pakistan is exporting $94.13 million worth of the said article. Import value of Women's woven dresses in the US from Bangladesh is $27.98 million while from Pakistan, it is only $1.44 million. For t-shirts and women's blouses, CAGR of imports from Pakistan is negative indicating a falling demand for Pakistani cotton made products.

Figure 28: EPD Matrix for Articles made of Cotton exported by Pakistan to US

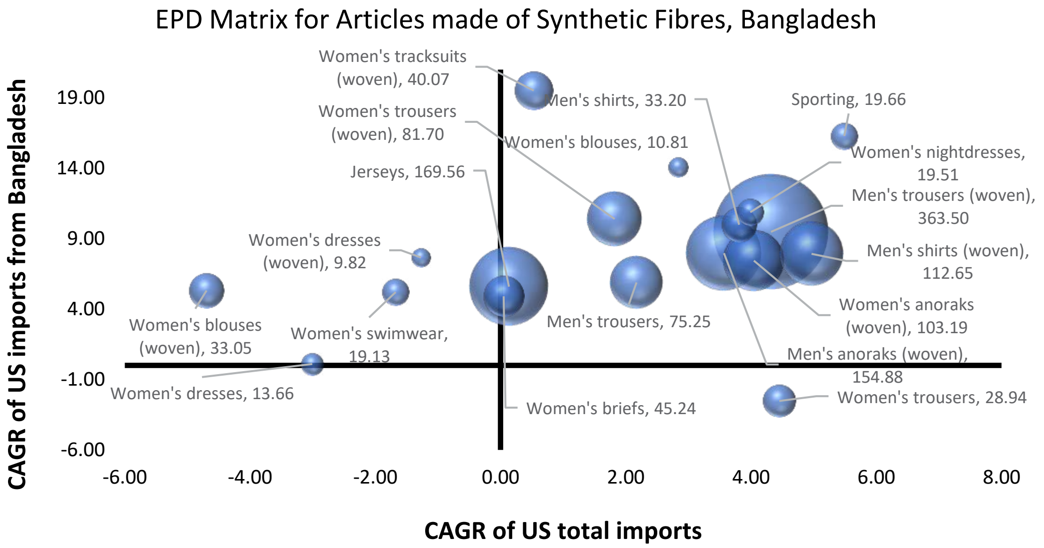


*Data Source:*Author's own calculation based on data taken from World Integrated Trade Statistics

3.2.4 EPD Matrix for Articles made of Synthetic Fibres in the US market

The US market is showing a shift towards synthetic articles. The matrix below shows the rising demand for articles made from synthetic fibres in the US, as majority of the articles fall in the upper right quadrant of the matrix. Sports wear made of synthetic fibre has shown tremendous rise in demand, other products like Men's shirts, women's blouses, night dresses, trousers, anoraks etc. also have increasing demand. For these products, the CAGR of imports from Bangladesh is positive, indicating the rising demand for Bangladeshi articles made of synthetic fibres. All of the synthetic made articles, for which the demand in the US market is rising, demand from Bangladesh is also rising except for synthetic fibre made Women's trousers.

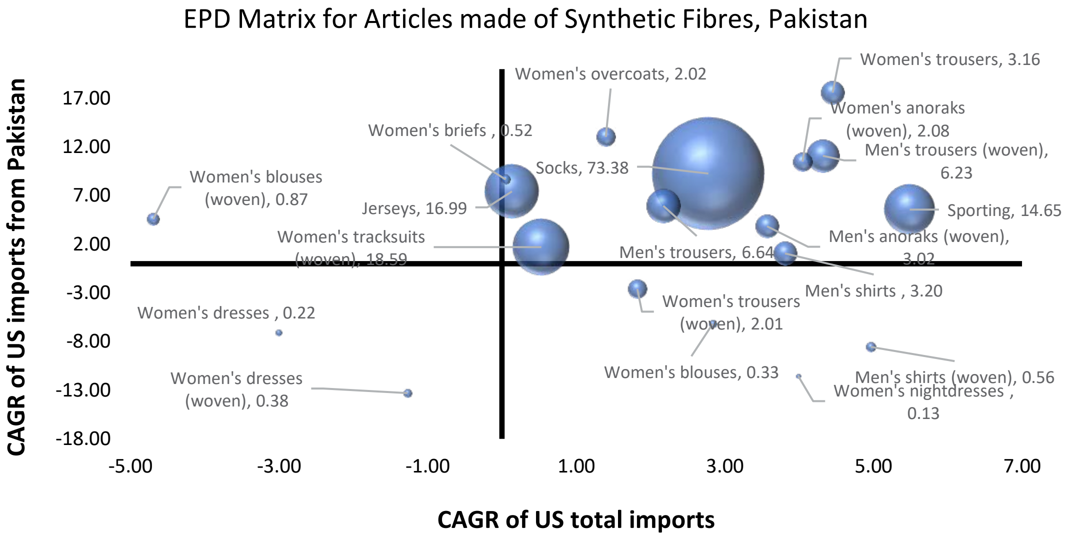
Figure 29: EPD Matrix for Articles made of Synthetic Fibres exported by Bangladesh to US



*Data Source:*Author's own calculation based on data taken from World Integrated Trade Statistics

Pakistan also catching the rising demand for the synthetic made articles in the US but export values are much less than Bangladesh's. Pakistani synthetic fibre made articles like women's trousers, anoraks, overcoats, men's trousers (knitted and woven), anoraks, and socks etc. have rising demand in the US but none of these products crossed the $100.00 million mark. For the same products, imports from Bangladesh have crossed the $100 million value.

Figure 30: EPD Matrix for Articles made of Synthetic Fibres exported by Pakistan to US



*Data Source:*Author's own calculation based on data taken from World Integrated Trade Statistics

Chapter 4

Porter's Diamond Model

Chapter 4

Porter's Diamond Model

The Porter's Diamond Model is a framework to analyze the competitive advantage of nations or industries in the global market. It identifies four key factors—Factor Conditions, Demand Conditions, Related and Supporting Industries, and Firm Strategy, Structure, and Rivalry—that interact to create an environment where certain industries or sectors can flourish. The model is instrumental for understanding how external and internal factors shape industry performance and provides a strategic basis for strengthening competitive positioning.

4.1 Pillar 1: Factor Conditions in Bangladesh and Pakistan

Bangladesh's textile sector thrives on a large, skilled, and cost-efficient labor force, with 40.00% of the workforce employed in textiles and high female participation at 54.00%, bolstered by vocational training programs. Pakistan, with 25.00% of its workforce in textiles and lower female participation at 30.00%, struggles with skill development, limiting its competitiveness. In terms of physical resources, Bangladesh has advanced backward linkages in knitting, dyeing, and weaving, though it remains dependent on raw material imports, such as $7.70 billion worth of cotton in 2024. In contrast, Pakistan benefits from a strong local cotton industry, exporting $2.68 billion worth of cotton in 2024, though challenges like climate change and water scarcity threaten its long-term sustainability.

Capital resources play a pivotal role in the textile sectors of both nations. Bangladesh offers low interest rates and concessional loans, attracting significant FDI, with $591.47 million in the textile sector in 2023. Conversely, Pakistan's higher interest rates and inflationary pressures pose challenges, though it has increased FDI in textiles from $3.60 million in 2022 to $11.50 million in 2023.

4.2 Pillar 2: Demand Conditions – Bangladesh and Pakistan

The global demand for ready-made garments (RMG) is influenced by changing consumer preferences, with sustainability, affordability, and customization becoming key drivers. In 2024, global apparel imports reached $465.22 billion, an 18.60% increase since 2020, led by the United States at $83.71 billion. Trends such as the growing demand for eco-friendly and ethically produced garments, the rise of e-commerce, and the preference for personalized shopping experiences have reshaped the industry. Developed countries, including the US and EU nations, dominate global imports, making them critical markets for exporters like Bangladesh and Pakistan. However, while Bangladesh has leveraged its cost advantages and efficient production capacity to secure a 7.90% share of global apparel imports in 2024, Pakistan trails with a 1.60% share. Bangladesh also benefits from duty-free access to the EU under the "Everything But Arms" initiative.

Bangladesh and Pakistan are expanding into non-traditional markets such as Africa, the Middle East, and Latin America, where demand for affordable apparel is growing. Bangladesh has outperformed Pakistan in these regions, exporting more than $241.00 million worth of apparel to Africa in 2024 compared to Pakistan's estimated $44.00 million. This success underscores Bangladesh's ability to adapt to emerging market demands through its efficient production and favorable trade policies. Meanwhile, traditional markets like the US, UK, and Germany remain vital, with Bangladesh's exports to these regions significantly outpacing Pakistan's.

4.3 Pillar 3: Related and Supporting Industries in the Apparel Sectors of Pakistan and Bangladesh

The textile and apparel sectors of Pakistan and Bangladesh have developed robust networks of related industries, particularly in yarn and fabric production, but with notable differences in strategies and outcomes. Pakistan relies heavily on domestic cotton production, ranking as the world's fifth-largest producer, which supports strong backward linkages in spinning and weaving. However, declining cultivation areas, limited seed availability, and climate challenges pose significant risks to its cotton-dependent industry. Meanwhile, Bangladesh produces minimal cotton, meeting only 2.00% of its needs domestically, but it has successfully developed a strong garment manufacturing base by importing cotton and investing in backward linkages. Through initiatives like the Cotton Development Board, Bangladesh is shifting towards greater use of local cotton while maintaining its position as the world's second-largest RMG exporter.

Bangladesh's localization policies and diversification into man-made fibers (MMF) have enhanced its global competitiveness, contrasting with Pakistan's continued reliance on cotton. Bangladesh sources 80.00% of knitwear and 40.00% of woven garment fabrics domestically, supported by government incentives such as duty drawback schemes, cash incentives, and bonded warehouse facilities. In contrast, Pakistan's cotton-centric industry struggles to compete in the growing MMF market, projected to reach $92.46 billion globally by 2030. Pakistan also imports high-quality cotton for value-added exports due to limitations in its short-staple cotton.

4.4 Pillar 4: Firm Strategy, Structure, and Rivalry in Pakistan and Bangladesh

Bangladesh's textile and apparel industry has achieved remarkable global competitiveness, becoming one of the largest apparel exporters due to its scalable production capacity, cost advantages, and strong compliance standards. With around 4,500 export-oriented factories, concentrated in urban hubs like Dhaka and Chittagong, Bangladesh outperforms Pakistan, which has just 517 factories with lower production capacities. Joint ventures, such as partnerships with Korean firms, have further enhanced Bangladesh's production capabilities and knowledge transfer, enabling economies of scale. Additionally, Bangladesh's focus on compliance and traceability, including a comprehensive traceability policy introduced in 2022 and improved labor conditions post-Rana Plaza, has elevated its reputation as an ethical sourcing destination, making it a preferred choice for global retailers.

In contrast, Pakistan's textile sector, though established, struggles with higher production costs due to elevated energy tariffs and wage structures. While Pakistan excels in high-quality, niche markets, it faces challenges with responsiveness, compliance risks, and integration into global value chains (GVCs). Bangladesh's ability to meet customer needs with quick turnarounds and flexible sourcing criteria further strengthens its position.

4.5 Conclusion

Bangladesh and Pakistan each have distinct advantages and challenges in their textile sectors. Bangladesh benefits from a skilled, cost-effective labor force and strong female labor participation, although recent wage increase has made its labor slightly more expensive than Pakistan's, potentially creating an opportunity for Pakistan to become more competitive.

Bangladesh has developed efficient backward linkages despite relying on imported cotton, while Pakistan enjoys the advantage of domestic cotton, though climate risks threaten its supply. Both countries invest in textile-specific training, but Bangladesh's programs are better aligned with industry needs.

Furthermore, Bangladesh attracts more foreign direct investment (FDI) due to favorable policies and strong export performance, while Pakistan struggles with high interest rates despite recent reductions.

Both countries have successfully positioned themselves in the global readymade garment (RMG) market, albeit with different competitive edges. Bangladesh leads South Asia in apparel exports, benefiting from cost-effectiveness, favorable trade agreements like the EU's "Everything But Arms," and established access to key markets such as the US, EU, and UK.

Additionally, Bangladesh's robust supply chains and efficient production processes have allowed it to expand into emerging markets like Africa, the Middle East, and Latin America. In contrast, Pakistan faces pressure from low-cost producers with better market access.

Pakistan's textile sector is heavily reliant on domestic cotton, which strengthens its yarn and fabric supply chains but also faces risks from declining cotton production and insufficient investment in climate-resilient varieties. Meanwhile, Bangladesh's diversified approach, relying on both cotton and man-made fibers (MMF), has made its textile sector more adaptable and competitive.

To compete more effectively, Pakistan must diversify into MMF production, improve its compliance and sustainability efforts, and manage energy costs more efficiently.

Chapter 5

The Rise of Bangladesh's Garment Industry

Chapter 5

The Rise of Bangladesh's Garment Industry

5.1 Historical Background

Bangladesh's rise as a global leader in the ready-made garment (RMG) industry illustrates decades of strategic planning, international collaboration, and adaptability to global economic trends. Post-independence, the country faced daunting economic challenges, with a predominantly agrarian economy and minimal industrialization.

The textile sector began its journey to prominence in the 1970s, catalysed by the Multi-Fiber Arrangement (MFA) of 1974. This agreement provided Bangladesh with a unique opportunity to access developed markets by limiting competition from established exporters like China and India. These quotas created a conducive environment for investment and growth, positioning Bangladesh as an emerging player in the global textile trade.

The privatization of state-owned enterprises in the late 1970s marked a turning point, paving the way for private-sector growth. One of the most transformative moments came with the establishment of Desh Garments, in collaboration with South Korea's Daewoo Corporation. This partnership trained Bangladeshi workers in modern garment manufacturing, quality control, and export management, establishing a blueprint for international partnerships. South Korean firms like Youngone Corporation and Daewoo were instrumental in setting up the first large-scale garment production facilities, leveraging Bangladesh's cost advantages and preferential market access.

By the 1980s, Bangladesh was exporting primarily to developed markets like the US and Europe, with over 95% of RMG exports directed to these regions in 1989.

Table 2: Bangladesh RMG Exports to Major Markets

Bangladesh's RMG Exports, USD million						
Year	US	UK	Germany	France	Italy	Canada
1989	253.58	31.80	42.57	29.26	24.25	8.50
1990	382.69	40.53	60.09	48.40	19.04	19.58
1991	398.36	70.97	127.30	72.23	48.20	23.10
1992	556.67	57.03	130.52	89.57	68.26	21.15
1993	685.33	104.21	154.85	98.64	75.71	33.85
1994	696.90	143.65	189.06	145.68	83.53	42.07

Source: World Integrated Trade Statistics

The 1990s marked a period of rapid growth, bolstered by government incentives such as tax holidays, duty-free import facilities, and the establishment of Export Processing Zones (EPZs) in Dhaka and Chattogram. These EPZs offered streamlined regulations, infrastructure, and tax benefits, attracting foreign investors from Japan, Hong Kong, and eventually China. The Japan External Trade Organization (JETRO) and other business bodies facilitated investments, making Bangladesh an attractive hub for low-cost garment production. During this era, global shifts such as NAFTA encouraged Chinese and other foreign firms to invest in Bangladesh to access North American markets without quota restrictions. This influx of investment not only expanded production but also diversified Bangladesh's capabilities in knitwear and woven garments.

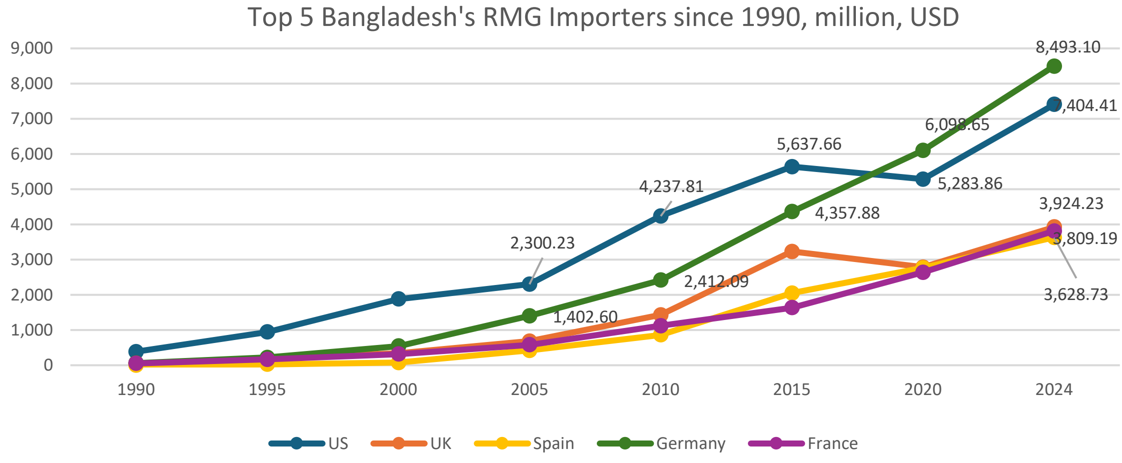
Quotas had played a pivotal role in establishing Bangladesh's apparel industry and its foothold in global exports. Initially, there were widespread concerns that the country would struggle to compete with larger players like India and China in a quota-free environment after the phasing-out of the Multi-Fiber Arrangement (MFA) in 2004. Contrary to these expectations, Bangladesh not only retained its market presence but significantly expanded its share in the international apparel market. Over the next decade, the country's garment exports surged from $5.70 billion in 2004 to $24.50 billion in 2014, achieving an impressive average annual growth rate of 16.20%. By 2019, Bangladesh's apparel exports reached an all-time high of $34.10 billion, underscoring its resilience and ability to thrive in an increasingly competitive global market.

By the 2010s, Bangladesh had solidified its status as the world's second-largest exporter of RMG, second only to China. This success stemmed from a combination of cost competitiveness, a skilled workforce and liberal market access, Partnerships with global brands such as Uniqlo brought in investments for sustainable production practices, while firms from Turkey, India, and Japan contributed advanced technology and expertise. The country's focus on sustainability became evident as it achieved the highest number of green garment factories globally, further cementing its reputation as a responsible manufacturing hub.

Foreign collaborations played a critical role in advancing Bangladesh's manufacturing capabilities. Joint ventures, particularly with Chinese and Japanese firms, introduced cutting-edge technology, efficient logistics, and robust quality control measures. Initiatives like the Japan Economic Zone in Narayanganj and Chinese investments under the Belt and Road Initiative enhanced infrastructure, backward linkages, and energy-efficient processes. As a result, Bangladesh not only grew its export volumes but also improved its value chain integration, producing diverse products such as trousers, T-shirts, sweaters, and blouses for major markets like the EU, US, UK, and Canada.

Bangladesh's RMG industry has strategically targeted high-income countries, with exports steadily rising since the 1980s. Major markets like the US, UK, Canada, and European nations have increasingly imported Bangladeshi garments, driven by the sector's competitive pricing and preferential market access. While the US was the leading importer for decades, Germany overtook it in 2017.

Figure 31: Top 5 Bangladesh's RMG Importers since 1990



Source: World Integrated Trade Statistics

In recent years, sustainability has emerged as a cornerstone of Bangladesh's RMG growth strategy. This shift was driven by foreign collaborations that introduced eco-friendly practices, energy-efficient technologies, and robust quality control systems. Joint ventures with firms in countries like Japan and China played a pivotal role in this transformation.

Growth of the country's apparel industry over the years is captured in the table below along different dimensions, including the number of apparel factories, employment, apparel exports and share of these exports in total national exports. In terms of product classification, apparel exports of Bangladesh are almost evenly divided among woven and knit apparel. Major categories of products include trousers, T-shirts, knitted shirts, sweaters, blouses and underwear. In terms of destinations, around half of the shipments go to the European Union 27, one-fifth to the USA, one-tenth to the UK, and another three percent to Canada; together these destinations account for a little over 80 percent of Bangladesh's clothing shipments. In FY19, before the COVID pandemic hit, Bangladesh's apparel exports reached an impressive US$ 34,133.27 million, a remarkable increase from just US$ 31.57 million in FY84. The growth is still on the upward trajectory despite the volatility due to the recent political tensions in the country, export value in 2024 has reached to US$ 36,151.31 million.

Table 3: Growth of Bangladesh's Apparel Industry over the years

Growth of Bangladesh's Apparel Industry Over the Years				
Fiscal Year	No. of Apparel Factories	Employment (million workers)	Apparel Exports (million US$)	Share of Apparel Exports in Total Exports (%)
FY84	134.00	0.00	31.57	3.89
FY85	384.00	0.10	116.20	12.44
FY92	1,163.00	0.60	1,182.57	59.31
FY94	1,839.00	0.80	1,555.79	61.40
FY00	3,200.00	1.60	4,349.41	75.61
FY04	3,957.00	2.00	5,686.09	74.79
FY10	5,063.00	3.60	12,496.72	77.12
FY15	4,296.00	4.00	25,491.40	81.68
FY19	4,621.00	4.50	34,133.27	84.21
FY22	-	-	42,613.15	81.82
FY24	-	-	36,151.31	81.29

Source: Bangladesh Garments Manufacturers and Exporters Association (BGMEA)

Despite challenges such as rising labor costs and the looming loss of Least Developed Country (LDC) status, Bangladesh has maintained its competitiveness through innovation, diversification, and policy reforms.

5.2 Historical Policy Analysis

In the early 1970s, Bangladesh pursued an import-substitution growth strategy characterized by large-scale public enterprises, strict import controls, high tariffs, foreign exchange rationing, and an overvalued exchange rate. These measures created a significant bias against exports and limited private and foreign investment. However, a shift in political and economic policy in 1975 ushered in pro-market reforms that set the stage for future industrialization. Among these reforms was the lifting of the private investment ceiling, initially raised to Tk. 100.00 million and later removed entirely in 1978. This shift opened the door for multinational companies, such as Daewoo, to enter joint ventures with local firms.

The government consistently supported the apparel industry by rationalizing tariffs and taxes on essential imports, including machinery, raw materials, dyes, and chemicals. Incentives were also introduced to encourage the use of local fabrics in export-oriented garment production. Exporters were allowed to import capital machinery and cotton duty-free, further strengthening the sector's global competitiveness. Additionally, policies such as a 50% tax exemption on export income and subsidized credit through initiatives like the Export Development Fund (EDF) significantly boosted the industry.

Established in 1989, the EDF, managed by Bangladesh Bank, provided low-interest foreign currency loans to manufacturers and exporters for procuring imported raw materials. The fund operated as a self-sustaining revolving mechanism, aligning with the production and export cycles by offering up to 180-day pre-shipment financing. Loans were disbursed through commercial banks directly to suppliers, and repayments were deducted from export proceeds.

Bangladesh's garment industry owes much of its success to several export-friendly policies that served as key domestic drivers of growth. Among these were the duty drawback scheme, cash incentives, the bonded warehouse facility, and the back-to-back letter of credit system. The duty drawback scheme refunded tariffs on imported inputs and value-added taxes on locally sourced inputs used in export products, providing critical financial relief to exporters. For producers supplying export-oriented RMG factories, the cash compensation scheme offered payments equal to 10.00%, later reduced to 5.00%, of the value addition of exported garments, further encouraging local participation in the export supply chain.

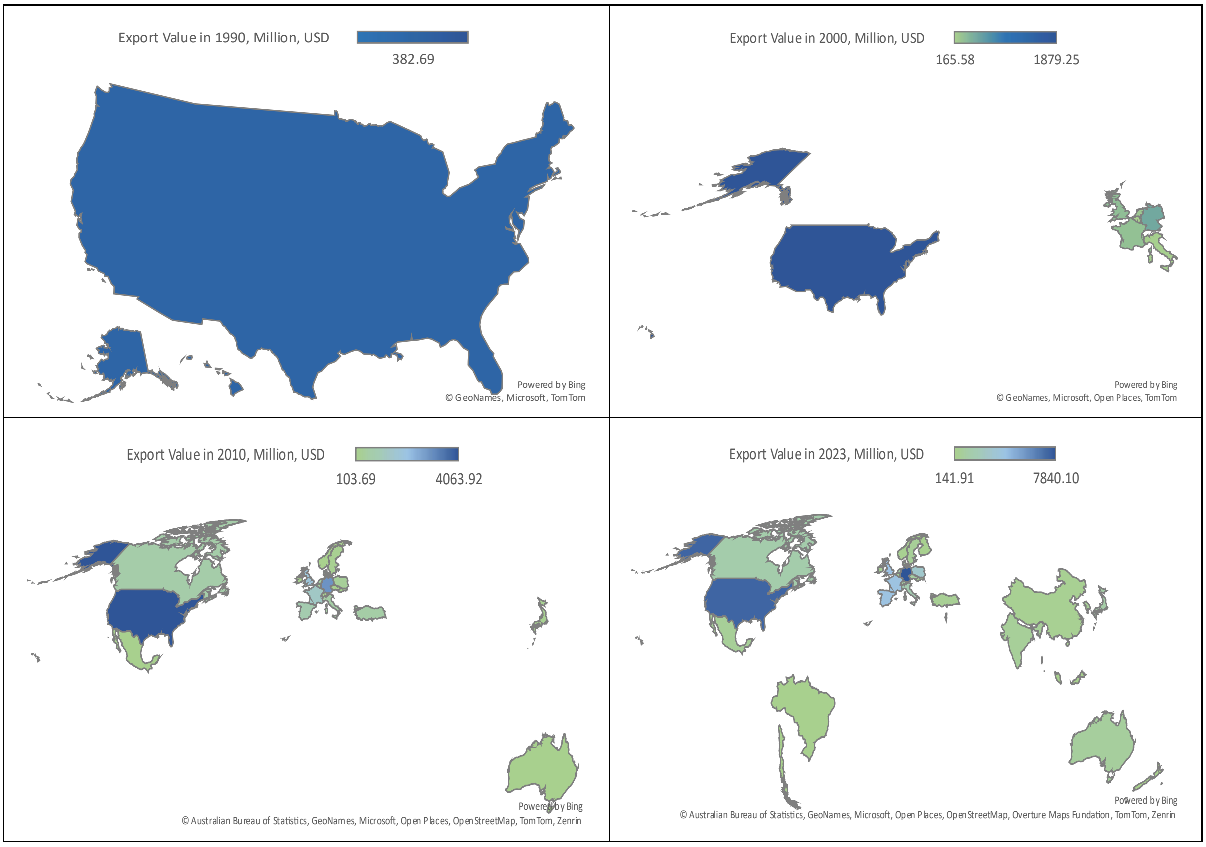
However, the bonded warehousing and back-to-back letter of credit policies, introduced in 1980 at the behest of leading entrepreneurs, were arguably the most transformative. These policies allowed exporters to defer import duties on raw materials until after the completion of exports, facilitating smooth production cycles without immediate financial strain. The back-to-back letter of credit system provided credit for purchasing raw materials against confirmed export orders, ensuring that manufacturers had access to the resources needed to fulfill international demand.

Although these policies were available to all exporting sectors, the textile and apparel industry derived the greatest benefit, using them to build a robust production and export base.

5.3 Export Destinations

The Ready-Made Garments (RMG) sector has been a cornerstone of Bangladesh's economy, driving industrial growth and export diversification since its inception in the late 1970s and early 1980s. Over the decades, the sector has not only expanded in terms of production capacity but also achieved remarkable growth in export destinations.

Figure 32: Bangladesh's RMG Export Destinations



Source: World Integrated Trade Statistics

The map chart above shows how Bangladesh diversified its exports destinations over the years. In the early stages of Bangladesh's RMG industry, exports were limited in volume and value. By 1990, only the United States stood out as a major export destination, importing RMG worth $382.69 million. This marked the beginning of Bangladesh's entry into global textile supply chains, targeting higher-income countries with a demand for affordable and quality garments.

By 2000, the list of export destinations importing over $100.00 million from Bangladesh had grown to seven countries:

- **United States:** $1,879.25 million
- **Germany:** $543.53 million
- **United Kingdom:** $339.15 million
- **France:** $312.28 million
- **Netherlands:** $247.02 million
- **Italy:** $183.64 million
- **Belgium:** $165.58 million

This period marked the beginning of diversification, with European nations emerging as significant buyers of Bangladeshi garments.

By 2010, the number of export destinations importing over $100.00 million USD grew substantially to 20 countries, reflecting the sector's global reach:

- Notable growth was observed in existing markets like the United States ($4063.92 million), Germany ($2,932.00 million), and United Kingdom ($1,797.68 million).
- New markets such as Spain ($859.55 million), Canada ($720.40 million), and Turkey ($647.83 million) joined the list.
- Asian countries like Japan ($196.87 million) also began featuring prominently, indicating a shift toward diversification beyond Western markets.

The most recent data for 2023 showcases the sector's extraordinary growth and diversification. The number of countries importing over $100.00 million USD from Bangladesh increased significantly to 30 destinations, spanning across continents. Key highlights include:

- **Top Destinations:** Germany ($7,840.10 million), United States ($7,254.18 million), United Kingdom ($3,969.16 million), France ($3,783.28 million), and Spain ($3,781.97 million) continued to dominate the list.
- **Emerging Markets:** Countries like India ($661.98 million), China ($399.66 million), and Brazil ($183.30 million) highlight Bangladesh's success in tapping into non-traditional markets.
- **Global Reach:** The inclusion of destinations like New Zealand ($141.91 million), Chile ($178.72 million), and Malaysia ($171.36 million) signifies Bangladesh's ability to cater to diverse market demands across the globe.

5.3.1 Conclusion

The evolution of Bangladesh's RMG export destinations from 1990 to 2023 reflects the sector's resilience, adaptability, and strategic growth. From a single major importer in 1990 to over 30 in 2023, the RMG industry has become a global success story.

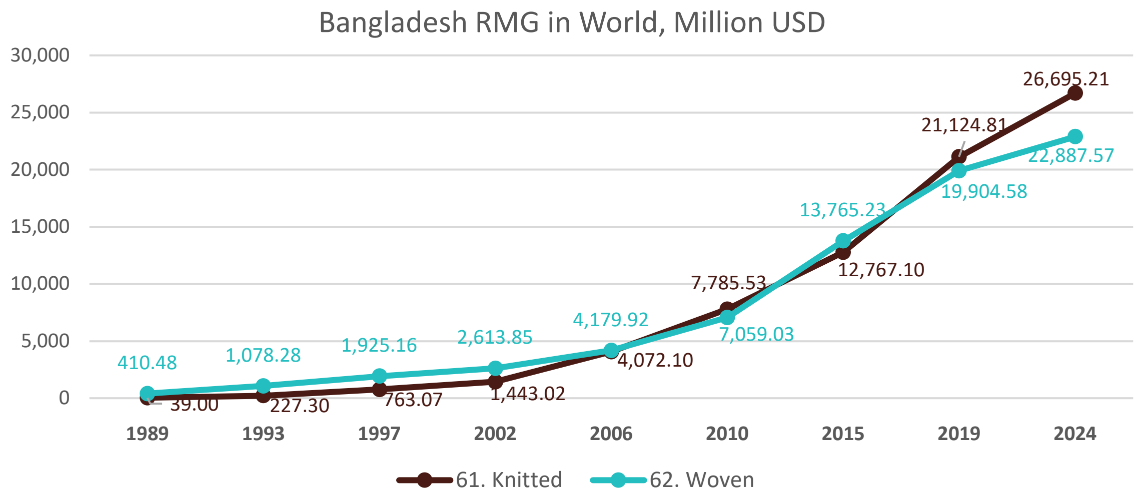
5.4 Bangladesh RMG Product lines

5.4.1 HS02

The Ready-Made Garments (RMG) sector of Bangladesh has consistently demonstrated remarkable growth, not only in export destinations but also across its major product lines: knitted garments and woven garments. In the late 1980s, Bangladesh's RMG industry was still in its formative stage, primarily exporting woven garments. In 1989, exports of knitted garments stood at $39.00 million and woven at $410.48 million.

By 2024, exports of both knitted and woven garments increased significantly: knitted stood at $ 26,695.21 million and woven at $22,887.57 million.

Figure 33: Bangladesh's RMG Exports at HS02



Source: World Integrated Trade Statistics

5.4.2 Product Lines at HS04

A detailed examination of Bangladesh's top knitted and woven product categories further illustrates the sector's performance in recent years. Below is the export value (in millions USD) for major product categories at HS04 level from 2019 to 2024, the products below are chosen which have export values more than $1.00 billion.

Table 4: Bangladesh's RMG Exports at HS04

HS Code	Product Description	2020	2021	2022	2023	2024
6109	T-shirts, singlets and other vests, knitted or crocheted	5.81	7.31	9.47	8.07	8.23
6110	Jerseys, pullovers, cardigans, waistcoats and similar articles, knitted or crocheted (excl. . . .	4.98	6.50	8.27	6.94	7.07
6104	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, . . .	2.47	3.64	4.28	3.17	3.24
6108	Women's or girls' slips, petticoats, briefs, panties, nightdresses, pyjamas, négligés, bathrobes, . . .	1.03	1.58	1.79	1.37	1.42
6105	Men's or boys' shirts, knitted or crocheted (excl. nightshirts, T-shirts, singlets and other . . .	0.87	0.97	1.48	1.37	1.31
6103	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches . . .	0.70	1.21	1.48	1.14	1.19
6107	Men's or boys' underpants, briefs, nightshirts, pyjamas, bathrobes, dressing gowns and similar . . .	0.71	1.02	1.23	1.09	1.17

HS Code	Product Description	2020	2021	2022	2023	2024
6111	Babies' garments and clothing accessories, knitted or crocheted (excl. hats)	0.93	1.22	1.35	1.05	1.05
6203	Men's or boys' suits, ensembles, jackets, blazers, trousers, bib and brace overalls, breeches . . .	5.78	6.84	9.11	7.89	8.05
6204	Women's or girls' suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, . . .	4.70	5.57	6.90	5.83	6.02
6205	Men's or boys' shirts (excl. knitted or crocheted, nightshirts, singlets and other vests)	1.87	1.75	2.65	2.58	2.48
6201	Men's or boys' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, . . .	0.90	1.21	1.52	1.41	1.36
6202	Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, . . .	0.83	0.98	1.21	1.12	1.25

Source: World Integrated Trade Statistics

1. Knitted T-Shirts and Jerseys (6109, 6110):

- Knitted T-shirts, singlets, and vests (6109) and jerseys, pullovers, and cardigans (6110) have consistently been top export earners.
- In 2024, T-shirt exports were valued at $8.23 billion, while jerseys accounted for $7.07 billion, reflecting their continued demand across global markets.

2. Woven Men's and Women's suits (6203, 6204):

- Woven products, such as men's suits and trousers (6203) and women's suits and dresses (6204), also remain vital.
- In 2023, exports of men's woven garments stood at $8.05 billion, while women's woven garments were valued at $6.02 billion.

5.4.3 Bangladesh's Exports of RMGs made of Different Raw materials;

Bangladesh has worked successfully on diversification of products in terms of their raw materials. While cotton remains as the top raw material, Bangladesh's articles made of synthetic fibres have shown a tremendous growth in terms of export value. Export value in 1990 for cotton made articles was $75.16 million and reached to $32,861.01 million in 2024. Exports value of synthetic made articles grew from $61.64 million in 1990 to $11,387.13 million in 2024.

Table 5: Bangladesh's Exports to the world by raw materials

Export Value (million, USD) of RMG Made of;			
Year	Cotton	Synthetic	Others
1990	75.16	61.64	4.89
1994	1,176.63	646.77	124.8
1998	2,099.83	1,331.28	273.69
2002	3,141.70	1,619.44	347.33
2006	7,758.81	2,318.48	570.11
2010	13,364.63	2,608.36	771.42
2014	21,727.67	4,620.70	1,879.57
2018	27,940.85	7,663.06	3,336.82
2021	31,666.69	8,927.07	3,861.73
2024	32,861.01	11,387.13	4,994.06

Data Source: World Integrated Trade Statistics

5.4.4 Bangladesh's Exports of RMG made of Cotton, at HS06;

Further expanding our analysis to the HS06 level, the data below shows the top cotton made products that Bangladesh is exporting to the world.

Table 6: Bangladesh Exports of Cotton made RMG to the World

Bangladesh Exports of RMG made of cotton, to the world, Million, USD						
HS code	Product label	1990	2000	2010	2019	2024
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	28.57	597.72	3,236.00	6,011.75	7,338.59
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted or crocheted, underpants and swimwear)	6.24	470.57	2,635.60	5,900.75	6,151.78
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excl. wadded waistcoats)	0.43	204.77	1,869.15	2,873.12	4,001.83
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted or crocheted, panties and swimwear)	5.14	283.05	1,272.29	3,601.06	3,681.38
620520	Men's or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other vests)	26.33	472.63	1,056.71	2,001.37	1,732.68
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. panties and swimwear)	0.03	10.23	360.72	1,240.98	1,556.12
610510	Men's or boys' shirts of cotton, knitted or crocheted (excl. nightshirts, T-shirts, singlets and other vests)	1.43	128.11	578.94	1,037.94	1,113.02
611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats)	0.13	30.66	291.1	842.5	985.183
610711	Men's or boys' underpants and briefs of cotton, knitted or crocheted	0.09	22.15	106.11	468.13	829.829
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. swimwear and underpants)	0.02	8.57	96.26	449.69	733.533
610821	Women's or girls' briefs and panties of cotton, knitted or crocheted	0.77	64.47	147.73	407.67	535.375
610442	Women's or girls' dresses of cotton, knitted or crocheted (excl. petticoats)	0	5.88	107.6	416.32	456.737
610831	Women's or girls' nightdresses and pyjamas of cotton, knitted or crocheted (excl. T-shirts, vests and négligés)	0.04	14.53	108.48	278.36	346.63
611420	Special garments for professional, sporting or other purposes, n.e.s., of cotton, knitted or crocheted	0.15	10.57	73.62	215.46	283.462
620630	Women's or girls' blouses, shirts and shirt-blouses of cotton (excl. knitted or crocheted and vests)	0.78	168.8	285.85	314.75	353.898
620920	Babies' garments and clothing accessories of cotton (excl. knitted or crocheted and hats, napkins and napkin liners [see 9619])	0.62	46.77	239.3	361.23	275.674
610610	Women's or girls' blouses, shirts and shirt-blouses of cotton, knitted or crocheted (excl. T-shirts and vests)	0.24	23.52	215.92	274.74	286.817
620192	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of cotton (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	0.37	22.12	94.12	307.54	280.03
620292	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of cotton (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	0.11	21.92	36.06	283.51	250.95
610721	Men's or boys' nightshirts and pyjamas of cotton, knitted or crocheted (excl. vests and singlets)	0.28	3.13	50.58	129.01	188.493
620442	Women's or girls' dresses of cotton (excl. knitted or crocheted and petticoats)	0.14	18.68	56.86	178.48	220.923
620452	Women's or girls' skirts and divided skirts of cotton (excl. knitted or crocheted and petticoats)	0.46	30.95	87.7	260.83	170.96
610220	Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles of cotton, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls)	0	4.17	58.38	139.32	132.864
621142	Women's or girls' tracksuits and other garments, n.e.s. of cotton (excl. knitted or crocheted)	0.07	38.02	30.07	81.03	120.498
610120	Overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles of cotton, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers, bib and brace overalls and trousers)	0	7.8	42.29	86.8	92.884

Data Source: World Integrated Trade Statistics

5.4.5 Bangladesh's Exports of RMG made of Synthetic Fibre, at HS06;

Bangladesh's exports of articles made of synthetic fibres has shown an increase over the years.

Table 7: Bangladesh Exports of Articles made of Synthetic Fibres to the World

Bangladesh Exports of RMG made of Synthetic Fibre, to the world, Million, USD						
HS code	Product label	1990	2000	2010	2019	2024
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excl. wadded waistcoats)	0.93	501.28	1,143.22	2,603.15	2,841.64
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, underpants and swimwear)	1.30	116.21	180.42	739.54	1,235.84
620193	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	7.74	169.38	131.43	552.17	899.66
620293	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	2.69	103.74	92.93	412.34	689.92
620463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, panties and swimwear)	1.59	97.65	99.58	355.94	560.91
610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. panties and swimwear)	0.02	13.60	35.55	255.89	541.01
620530	Men's or boys' shirts of man-made fibres (excl. knitted or crocheted, nightshirts, singlets and other vests)	36.84	242.54	211.46	350.52	386.58
620640	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excl. knitted or crocheted and vests)	5.23	62.67	75.78	450.94	339.37
610343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. swimwear and underpants)	0.07	19.56	67.25	162.78	312.55
610822	Women's or girls' briefs and panties of man-made fibres, knitted or crocheted	0.02	11.38	49.84	187.95	314.91
611430	Special garments for professional, sporting or other purposes, n.e.s., of man-made fibres, knitted or crocheted	0.03	4.58	26.49	142.36	226.32
610443	Women's or girls' dresses of synthetic fibres, knitted or crocheted (excl. petticoats)	0.00	2.87	74.74	124.37	189.95
620333	Men's or boys' jackets and blazers of synthetic fibres (excl. knitted or crocheted, and wind-jackets and similar articles)	0.25	4.81	8.28	94.68	192.59
610520	Men's or boys' shirts of man-made fibres, knitted or crocheted (excl. nightshirts, T-shirts, singlets and other vests)	0.74	35.49	40.31	92.33	181.43
610230	Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles of man-made fibres, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls)	0.00	34.80	60.82	106.53	186.88
620444	Women's or girls' dresses of artificial fibres (excl. knitted or crocheted and petticoats)	0.00	6.99	2.38	125.05	148.53
610130	Overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles of man-made fibres, for men or boys, knitted or crocheted (excl. suits, ensembles, jackets, blazers, bib and brace overalls and trousers)	0.00	16.25	34.48	86.16	137.95
620433	Women's or girls' jackets and blazers of synthetic fibres (excl. knitted or crocheted, wind-jackets and similar articles)	0.20	8.82	11.07	77.20	144.27
610444	Women's or girls' dresses of artificial fibres, knitted or crocheted (excl. petticoats)	0.00	0.25	15.75	127.34	130.71
621143	Women's or girls' tracksuits and other garments, n.e.s. of man-made fibres (excl. knitted or crocheted)	0.37	29.51	15.67	105.17	132.26
610620	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres, knitted or crocheted (excl. T-shirts and vests)	0.28	13.37	18.46	96.60	134.44
611241	Women's or girls' swimwear of synthetic fibres, knitted or crocheted	0.00	2.59	33.51	84.16	111.59

Data Source: World Integrated Trade Statistics

5.4.6 Bangladesh's Exports of RMG made of textiles (excl. Cotton and Man-made fibre), at HS06;

Products made of other textiles like wool, animal hairs, other agriculture products etc. have also shown an increase in export value for Bangladesh though not comparable to cotton or synthetic fibres made articles.

Table 8: Bangladesh Exports of Articles made of Other Textile Materials to the World

Bangladesh Exports of RMG made of other textiles (excl. cotton and man-made fibre), to the world, Million, USD						
HS code	Product label	1990	2000	2010	2019	2024
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. cotton)	1.33	30.90	99.06	852.19	888.12
621210	Brassieres of all types of textile materials, whether or not elasticated, incl. knitted or crocheted	0.00	35.57	125.31	569.81	627.20
620469	Women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, panties and swimwear)	0.11	29.01	69.21	380.33	589.41
620590	Men's or boys' shirts of textile materials (excl. of cotton or man-made fibres, knitted or crocheted, nightshirts, singlets and other vests)	0.01	18.53	25.61	147.17	355.75
620349	Men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, underpants and swimwear)	0.02	10.62	21.58	156.34	291.90
620690	Women's or girls' blouses, shirts and shirt-blouses of textile materials (excl. of silk, silk waste, wool, fine animal hair, cotton or man-made fibres, knitted or crocheted and vests)	0.15	18.47	7.11	80.10	218.83
621030	Garments of the type described in heading 6202, rubberised or impregnated, coated, covered or laminated with plastics or other substances	0.04	0.44	4.64	11.43	243.81
621050	Women's or girls' garments of textile fabrics, rubberised or impregnated, coated, covered or laminated with plastics or other substances (excl. of the type described in heading 6202, and babies' garments and clothing accessories)	0.23	22.78	48.39	240.19	146.51
621020	Garments of the type described in heading 6201, rubberised or impregnated, coated, covered or laminated with plastics or other substances	0.08	0.42	1.71	8.98	228.47
611010	Jerseys, pullovers, cardigans, waistcoats and similar articles, of wool or fine animal hair, knitted or crocheted (excluding wadded waistcoats)	0.01	40.13	87.28	139.56	158.02
621040	Men's or boys' garments of textile fabrics, rubberised or impregnated, coated, covered or laminated with plastics or other substances (excl. of the type described in heading 6201, and babies' garments and clothing accessories)	0.43	54.88	74.13	287.06	154.85
610469	Women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials, knitted or crocheted (excl. of wool, fine animal hair, cotton or synthetic fibres, panties and swimwear)	0.00	0.29	11.41	96.32	153.13
621111	Men's or boys' swimwear (excl. knitted or crocheted)	0.48	38.68	47.23	76.05	110.38

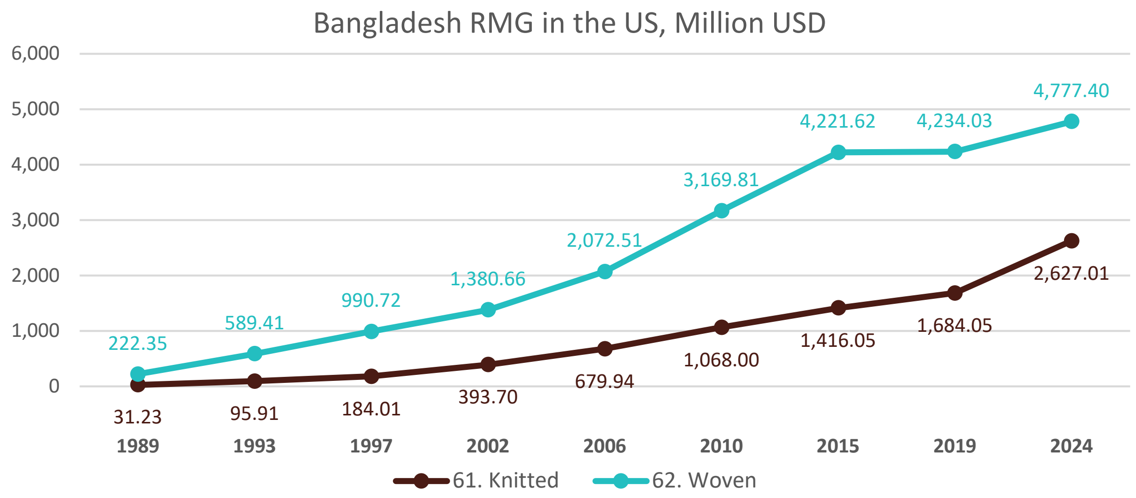
Data Source: World Integrated Trade Statistics

5.5 Bangladesh RMG in the US

5.5.1 Product Lines in the US at HS02

The United States has consistently been one of the largest and most lucrative markets for Bangladesh's Ready-Made Garments (RMG) exports. Over the decades, Bangladesh has significantly increased its share in the US market, both in the categories of knitted garments (HS Code 61) and woven garments (HS Code 62). The data below illustrates this growth from 1989 to 2024.

Figure 34: Bangladesh's RMG Export to the US at HS02



Source: World Integrated Trade Statistics

5.5.2 Product Lines in the US at HS04

Following is the Bangladesh RMG exports product lines at HS04 level. The products are chosen which have export values over $100.00 million.

Table 9: Bangladesh's RMG Exports to the US at HS04

Bangladesh RMG Exports to the US at HS04 level, million $											
HS Code	Product Description	1989	1993	1997	2001	2005	2009	2013	2017	2020	2024
6103	Men's or boys' suits, ensembles, et	0.37	4.86	6.05	9.66	51.33	55.42	57.79	106.87	137.30	191.07
6104	Women's or girls' suits, ensembles,	19.40	8.96	9.71	3.15	16.10	64.77	122.55	146.26	159.76	201.83
6105	Men's or boys' shirts, knitted or c	0.50	27.84	58.54	30.98	38.59	58.48	87.06	77.56	59.55	177.86
6107	Men's or boys' briefs and similar a	0.24	6.36	12.31	14.02	29.66	36.55	88.88	92.59	110.88	130.63
6108	Women's or girls' panties and simil	2.28	28.91	72.72	80.24	93.03	124.21	160.44	208.97	200.83	243.48
6109	T-shirts, singlets and other vests,	5.57	9.53	11.01	19.40	60.94	137.01	187.32	206.84	265.36	572.59
6110	Jerseys, pullovers, cardigans and s	41.28	45.42	102.37	249.93	214.50	260.02	317.36	397.00	482.81	707.38
6111	Babies' garments and clothing acces	2.18	4.76	23.70	32.51	18.38	56.77	78.08	82.87	106.63	156.75
6201	Men's or boys' overcoats, and simil	15.15	49.57	103.09	111.46	111.17	90.56	113.71	112.96	177.04	242.72
6202	Woman's or girls' overcoats, and si	13.13	43.41	66.70	63.05	80.29	61.33	82.49	93.81	155.79	186.18
6203	Men's or boys' suits, ensembles, ja	69.80	71.84	190.88	239.45	407.31	1,038.47	1,603.20	1,514.38	1,353.95	1,927.87
6204	Women's or girls' suits, ensembles,	93.60	93.70	205.62	319.11	398.63	594.62	771.58	789.02	870.32	1,076.46
6205	Men's or boys' shirts	80.39	109.12	208.71	278.98	406.30	374.29	722.50	622.02	513.29	653.12
6206	Women's or girls' blouses, shirts a	50.69	141.78	94.99	177.90	152.94	97.34	119.45	121.17	84.90	147.10
6209	Bables' garments and clothing acces	8.62	11.94	32.96	63.90	48.38	114.69	139.29	104.30	103.25	104.16
6210	Garments, made up of fabrics of 56.	0.48	5.37	26.94	22.64	32.89	49.70	75.35	86.58	89.01	119.28
6211	Track suits, ski suits and swimwear	21.02	44.58	94.13	91.94	68.68	75.04	63.04	59.48	98.95	124.47
6212	Brassieres, girdles, corsets, brace	0.00	0.00	5.76	15.58	16.87	52.79	70.21	93.26	120.74	109.71

Source: World Integrated Trade Statistics

5.5.3 Products Exported to the US, in terms of raw materials used;

US has always been one of the largest destinations for Bangladesh's RMG products. The table below shows the US imports of RMG by raw materials from Bangladesh over the years.

Table 10: Bangladesh's Exports to the US by raw materials

Export values, in million USD, of RMG made of;			
Year	Cotton	Synthetic	Others
1991	286.71	136.31	53.00
1994	587.47	225.50	98.64
1998	996.73	414.31	167.23
2002	1,180.58	542.25	218.93
2006	1,199.83	506.57	174.38
2010	2,248.26	585.86	170.86
2014	3,223.07	597.18	243.67
2018	3,866.80	728.48	272.08
2021	4,587.21	975.47	365.95
2024	5,270.60	1,556.16	577.64

Data Source: World Integrated Trade Statistics

5.5.4 Bangladesh Top Exports of RMGs to the US, made of Cotton, at HS06;

Following is the data for Bangladesh exports of articles made of cotton at HS06 level to the US, these products have export value of more than $100.00 million annually each.

Table 11: Bangladesh's Exports of Articles made of Cotton to the US

Bangladesh Exports of RMG made of Cotton, to the US, Million, USD						
HS code	Product label	1991	2000	2010	2019	2024
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted or crocheted, panties and swimwear)	40.88	148.60	481.33	819.20	763.43
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	3.53	14.93	158.44	225.39	537.42
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excl. wadded waistcoats)	22.49	99.44	226.63	396.07	530.06
620520	Men's or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other vests)	66.82	236.19	453.26	597.17	510.78
610510	Men's or boys' shirts of cotton, knitted or crocheted (excl. nightshirts, T-shirts, singlets and other vests)	8.22	20.62	72.16	64.12	141.77
611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats)	1.75	23.77	62.30	87.35	137.39
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. swimwear and underpants)	1.89	1.21	18.00	66.71	118.24
610821	Women's or girls' briefs and panties of cotton, knitted or crocheted	7.61	51.49	83.49	119.40	116.27

Data Source: World Integrated Trade Statistics

5.5.6 Bangladesh Top Exports of RMG to the US, made of Synthetic Fibres;

The list below has products which are earning more than $100.00 million for Bangladesh from the US market.

Table 12: Bangladesh's Exports of Articles made of Synthetic Fibres to the US

Bangladesh Exports of RMG made of Synthetic Fibre, to the US, Million, USD						
HS code	Product label	1991	2000	2010	2019	2024
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, underpants and swimwear)	18.62	61.38	92.23	190.09	353.80
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excl. wadded waistcoats)	18.76	123.31	87.96	124.96	167.73
620193	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	10.12	81.99	58.76	97.41	160.22
620293	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	9.52	48.62	51.94	78.93	105.83
620530	Men's or boys' shirts of man-made fibres (excl. knitted or crocheted, nightshirts, singlets and other vests)	13.09	31.34	36.59	76.66	105.46

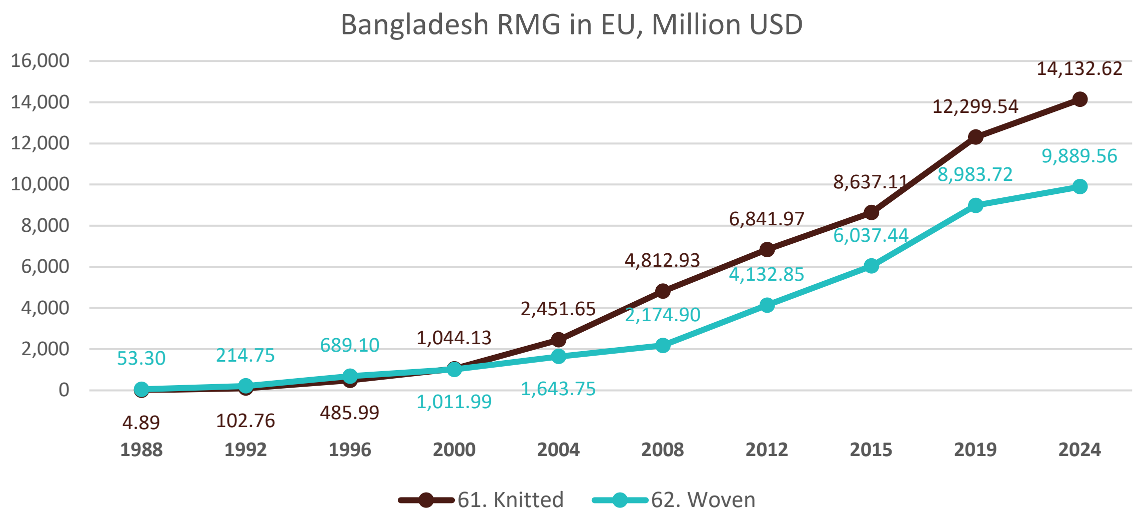
Data Source: World Integrated Trade Statistics

5.6 Bangladesh RMG in EU

5.6.1 Product Lines in EU at HS02

Europe is the largest market for Bangladesh's RMG exports.

Figure 35: Bangladesh's RMG Exports to EU at HS02



Source: World Integrated Trade Statistics

5.6.2 Product Lines in EU at HS04

At HS04 level, articles like, t-shirts, jerseys, men's suits, women's knitted suits, and women's woven suits are earning more that $1.00 billion export value for Bangladesh from EU market.

Table 13: Bangladesh's RMG Exports to EUat HS04

Bangladesh Exports of RMG to EU, at HS04, Million, USD											
HS Code	Product Description	1988	1992	1996	2000	2004	2008	2012	2016	2020	2024
6109	T-shirts, singlets and other vests,	1.20	67.47	282.84	478.47	1,010.01	2,074.86	2,759.49	3,463.89	3,606.07	4,530.80
6110	Jerseys, pullovers, cardigans and s	0.15	18.78	106.41	367.86	1,112.64	1,685.89	2,037.15	2,613.96	2,895.53	3,769.64
6203	Men's or boys' suits, ensembles, ja	3.28	19.51	72.22	248.57	603.76	928.22	1,663.09	2,676.32	2,704.42	3,296.85
6204	Women's or girls' suits, ensembles,	2.43	13.38	42.41	169.89	506.99	559.04	1,124.51	1,827.57	2,316.63	2,851.39
6104	Women's or girls' suits, ensembles,	0.14	1.53	11.86	22.90	49.43	206.94	536.55	1,008.30	1,627.21	1,834.49
6205	Men's or boys' shirts	38.77	130.34	341.59	306.26	317.65	356.85	658.79	848.73	715.32	952.87
6105	Men's or boys' shirts, knitted or c	2.49	5.82	33.13	82.84	121.30	349.78	481.39	576.18	554.47	662.85
6108	Women's or girls' panties and simil	0.01	0.64	3.16	10.94	29.73	60.75	175.18	363.53	484.32	627.66
6107	Men's or boys' briefs and similar a	0.00	0.40	3.41	5.43	18.14	47.14	128.52	266.66	341.68	570.07
6202	Woman's or girls' overcoats, and si	2.38	8.30	58.10	58.00	26.80	28.26	76.55	237.85	416.16	565.49
6201	Men's or boys' overcoats, and simil	1.66	9.61	80.90	77.35	35.73	60.17	98.85	233.39	370.73	562.63
6111	Babies' garments and clothing acces	0.00	0.43	2.82	8.72	19.53	94.35	229.14	416.56	566.95	535.27
6103	Men's or boys' suits, ensembles, et	0.07	0.54	7.71	10.37	15.33	37.56	73.84	201.32	286.84	485.88
6206	Women's or girls' blouses, shirts a	3.93	13.03	38.22	40.27	55.61	101.10	185.93	367.02	345.97	450.95
6210	Garments, made up of fabrics of 56.	0.00	0.82	12.76	42.02	30.87	36.34	62.84	177.41	265.92	337.85
6212	Brassieres, girdles, corsets, brace	0.00	0.01	2.17	11.58	13.41	15.99	56.18	213.95	319.99	299.33
6114	Other garments, knitted or crochete	0.02	0.75	0.56	6.29	7.30	37.48	44.08	121.20	213.40	276.32
6102	Woman's or girls' overcoats and sim	0.00	0.73	0.70	7.54	19.67	34.91	74.63	139.14	152.47	189.28
6211	Track suits, ski suits and swimwear	0.56	17.71	29.31	40.06	31.63	29.59	55.32	97.92	135.27	188.38
6106	Women's or girls' blouses, etc, kni	0.04	1.79	5.53	15.64	31.08	151.60	209.88	190.81	176.36	182.20
6209	Bables' garments and clothing acces	0.23	1.14	4.78	9.62	15.16	46.64	123.38	166.39	161.66	126.51
6101	Men's or boys' overcoats... and sim	0.02	0.10	0.78	4.40	8.39	11.79	29.90	64.68	75.77	119.17
6112	Track-suits, ski-suits and swimwear	0.17	2.13	24.78	18.60	5.55	14.60	47.24	53.01	116.05	118.66

Source: World Integrated Trade Statistics

5.6.3 Product Lines in EU at HS06

At HS06, products like, knitted t-shirts, woven men's trousers, cotton made knitted jerseys, synthetic fibres made knitted jerseys, and woven women's trousers have crossed the export value of $1.00 billion to the EU market.

Table 14: Bangladesh's RMG Exports to EU at HS06

Bangladesh Exports of RMG to EU, at HS06, Million, USD									
HS Code	Product Description	1990	1995	2000	2005	2010	2015	2019	2024
610910	T-shirts, singlets and other vests,	27.71	203.27	465.40	1,066.46	2,271.88	2,971.88	3,812.99	4,083.49
620342	Men's or boys' trousers, breeches,	3.77	55.65	216.43	474.40	1,010.67	2,116.50	2,756.85	2,579.73
611020	Jerseys, pullovers, etc, of cotton,	0.31	26.43	82.89	437.12	1,153.49	1,234.87	1,632.93	2,082.44
620462	Women's or girls' trousers, breeche	2.00	19.50	98.87	301.57	451.57	1,302.93	1,626.98	1,700.62
611030	Jerseys, pullovers, etc, of man-mad	0.65	56.92	266.64	571.19	670.32	1,064.00	1,570.96	1,568.59

Source: World Integrated Trade Statistics

5.6.4 Products Exported to EU, in terms of raw materials used;

Raw material wise, Bangladesh has successfully grown its exports to the EU market with cotton made articles being the largest export value earner followed by the synthetic fibres made articles.

Table 15: Bangladesh's Exports of RMG to the EU by raw materials

Export values, in million USD, of RMG made of;			
Year	Cotton	Synthetic	Others
1990	61.33	48.16	1.61
1994	468.18	300.00	15.74
1998	912.15	623.27	68.59
2002	1,474.06	662.68	102.81
2006	3,996.91	1,063.04	225.07
2010	6,880.55	1,081.07	240.27
2014	11,626.82	2,094.35	696.45
2018	15,134.33	4,047.11	1,614.16
2021	16,892.03	4,669.76	1,976.17
2024	16,088.17	5,235.94	2,357.58

Data Source: World Integrated Trade Statistics

5.6.5 Bangladesh Top Exports of RMGs to the EU, made of Cotton at HS06;

The table below shows the Bangladeshi articles at HS06 level, made of cotton and which have export value of over $100.00 million in the EU market.

Table 16: Bangladesh's Exports of Articles made of Cotton to EU

Bangladesh Exports of RMG made of Cotton, to EU, Million, USD						
HS code	Product label	1990	2000	2010	2019	2024
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	27.71	465.40	2,271.88	3,812.99	4,083.49
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted or crocheted, underpants and swimwear)	3.77	216.43	1,010.67	2,756.85	2,579.73
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excl. wadded waistcoats)	0.31	82.89	1,153.49	1,632.93	2,082.44
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted or crocheted, panties and swimwear)	2.00	98.87	451.57	1,626.98	1,700.62
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. panties and swimwear)	0.02	7.03	231.62	818.82	874.59
620520	Men's or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other vests)	22.73	195.51	345.00	718.08	649.87
610510	Men's or boys' shirts of cotton, knitted or crocheted (excl. nightshirts, T-shirts, singlets and other vests)	0.80	75.11	374.12	699.65	595.15
611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats)	0.12	5.40	155.25	507.31	510.80
610711	Men's or boys' underpants and briefs of cotton, knitted or crocheted	0.00	2.60	32.12	215.39	418.85
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. swimwear and underpants)	0.02	4.74	42.43	211.87	325.58
610442	Women's or girls' dresses of cotton, knitted or crocheted (excl. petticoats)	0.00	3.17	77.72	274.36	288.03
610821	Women's or girls' briefs and panties of cotton, knitted or crocheted	0.14	3.34	28.05	148.14	219.97
610831	Women's or girls' nightdresses and pyjamas of cotton, knitted or crocheted (excl. T-shirts, vests and négligés)	0.04	4.14	70.18	161.60	192.57
620630	Women's or girls' blouses, shirts and shirt-blouses of cotton (excl. knitted or crocheted and vests)	0.37	21.00	113.11	144.24	161.77
620292	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of cotton (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	0.11	5.19	18.77	160.38	146.04
611420	Special garments for professional, sporting or other purposes, n.e.s., of cotton, knitted or crocheted	0.15	3.15	26.15	99.84	138.40
610610	Women's or girls' blouses, shirts and shirt-blouses of cotton, knitted or crocheted (excl. T-shirts and vests)	0.13	11.09	150.28	166.27	122.19
620452	Women's or girls' skirts and divided skirts of cotton (excl. knitted or crocheted and petticoats)	0.07	3.85	39.32	142.83	119.29
610721	Men's or boys' nightshirts and pyjamas of cotton, knitted or crocheted (excl. vests and singlets)	0.10	2.23	38.12	81.05	114.51

Data Source: World Integrated Trade Statistics

5.6.6 Bangladesh Top Exports of RMGs to EU, made of Synthetic Fibre at HS06;

Among the articles made of synthetic fibres in the EU market, Bangladesh has earned $1,568.59 million from knitted jerseys (611030) in 2024.

Table 17: Bangladesh's Exports of Articles made of Synthetic Fibres to EU

Bangladesh Exports of RMG made of Synthetic fibre, to EU, Million, USD						
HS code	Product label	1990	2000	2010	2019	2024
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excl. wadded waistcoats)	0.65	266.64	670.32	1,570.96	1,568.59
620193	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	2.50	64.11	18.54	251.08	442.18
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, underpants and swimwear)	0.44	26.82	25.58	285.93	414.22
620293	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	1.72	45.23	12.00	221.16	406.46
610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. panties and swimwear)	0.00	5.69	20.31	166.98	267.19
620463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, panties and swimwear)	1.34	49.71	25.61	183.66	231.63
620640	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excl. knitted or crocheted and vests)	4.86	18.78	21.43	258.91	177.89
610822	Women's or girls' briefs and panties of man-made fibres, knitted or crocheted	0.02	2.99	14.42	104.48	144.26
611430	Special garments for professional, sporting or other purposes, n.e.s., of man-made fibres, knitted or crocheted	0.03	3.09	19.97	81.78	135.22
620530	Men's or boys' shirts of man-made fibres (excl. knitted or crocheted, nightshirts, singlets and other vests)	32.85	108.33	64.37	103.54	119.91
610443	Women's or girls' dresses of synthetic fibres, knitted or crocheted (excl. petticoats)	0.00	1.30	34.98	73.96	106.73

Data Source: World Integrated Trade Statistics

5.6.7 Bangladesh Top Exports of RMGs to EU, made of Textiles (excl. Cotton and Man-made Fibre);

The table below shows the growth in the export value of the articles made of other textiles (excluding cotton and synthetic fibres).

Table 18: Bangladesh's Exports of Articles made of Other Textile Materials to EU

Bangladesh Exports of RMG made of textiles (excl. cotton and man-made), to EU, Million, USD						
HS code	Product label	1990	2000	2010	2019	2024
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excl. cotton)	0.45	13.07	49.66	477.53	447.31
620469	Women's or girls' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, panties and swimwear)	0.03	3.48	23.09	192.59	313.25
621210	Brassieres of all types of textile materials, whether or not elasticated, incl. knitted or crocheted	0.00	11.53	29.36	297.99	284.70
620590	Men's or boys' shirts of textile materials (excl. of cotton or man-made fibres, knitted or crocheted, nightshirts, singlets and other vests)	0.01	1.78	5.81	69.90	183.09
620349	Men's or boys' trousers, bib and brace overalls, breeches and shorts of textile materials (excl. of wool, fine animal hair, cotton or synthetic fibres, knitted or crocheted, underpants and swimwear)	0.02	1.40	10.41	73.07	135.45
620690	Women's or girls' blouses, shirts and shirt-blouses of textile materials (excl. of silk, silk waste, wool, fine animal hair, cotton or man-made fibres, knitted or crocheted and vests)	0.01	0.48	2.56	27.16	110.20

Data Source: World Integrated Trade Statistics

5.7 Other Emerging Exports Destinations

Bangladesh has successfully diversified its export destinations over the years. Asian countries like, Korea, China, India, UAE, and many others are importing RMG from Bangladesh. The table below shows Bangladesh's exports of RMG, categorized by their raw materials, to four Asian countries.

Table 19: Bangladesh's Exports of RMG to Emerging Asian Counties

	Korea			China			India			UAE		
Year	Cotton	Synthetic	Others	Cotton	Synthetic	Others	Cotton	Synthetic	Others	Cotton	Synthetic	Others
1990	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1994	0.08	0.42	0.00	0.00	0.03	0.00	0.00	0.00	0.02	0.00	0.00	0.02
1998	0.20	3.58	0.46	2.24	0.00	0.02	0.00	0.00	0.01	0.00	0.00	0.00
2002	1.00	1.92	0.08	0.09	0.05	0.06	1.40	0.08	0.50	0.00	0.00	0.00
2006	1.86	2.36	0.68	1.71	4.40	0.14	0.38	0.14	0.67	4.66	0.42	3.34
2010	16.06	25.09	2.65	27.96	12.17	1.89	6.46	0.13	8.83	26.51	2.35	5.20
2014	103.49	32.23	32.73	242.40	65.33	24.34	77.64	19.98	14.03	146.28	11.58	20.59
2018	176.56	64.05	27.34	459.10	84.53	22.72	246.93	58.88	36.49	333.95	42.32	58.67
2021	251.21	139.60	43.87	262.98	118.76	20.27	288.31	89.59	85.12	379.57	52.29	55.70
2024	279.92	121.71	75.58	230.81	145.09	25.95	389.97	99.61	139.23	467.12	83.76	81.30

Data Source: World Integrated Trade Statistics

5.8 Conclusion

The analysis of Bangladesh's RMG exports to its top importers—the EU, the US, the UK and other emerging Asian countries—reveals clear patterns of strength in specific product lines. Across all these markets, Bangladesh's competitive edge lies in its robust production of knitwear items such as T-shirts, singlets, and other vests (6109) and Jerseys, pullovers, cardigans, and similar articles (6110). These two categories consistently emerge as the most significant contributors to exports. Bangladesh's ability to deliver high-quality products at competitive prices has made it a dominant player in these segments, ensuring a steady demand from major global retailers.

In woven garments, Women's or girls' suits, ensembles, and dresses (6204) and Men's or boys' suits, ensembles, jackets, and trousers (6203) stand out as key strengths. Additionally, Men's or boys' shirts (6205) and Women's or girls' shirts (6104) have gained prominence as well.

The top-performing cotton made products at HS06, knitted garments such as T-shirts, singlets, and other vests (610910) have consistently stood out as major revenue generators. Similarly, jerseys, pullovers, cardigans, and similar articles (611020) have shown exponential growth, moving from moderate initial export values to becoming one of the most significant contributors. In the cotton made woven garment category, products like men's or boys' trousers (620342) and women's or girls' trousers (620462) have experienced robust growth. Additionally, men's or boy's shirts (620520) have seen a sharp rise in export values.

Among the knitted articles made of synthetic fibres, Jerseys, pullovers (611030), knitted synthetic fibres made articles women's or girls' trousers (610463), men's or boys' trousers (610343), women's or girls' briefs (610822), special garments for professional (611430), have shown strong growth. Among the woven articles made of synthetic fibres, men's or boys' trousers (620343), men's or boys' anoraks (620193), women's or girls' anoraks (620293), women's or girls' trousers (620463), men's or boys' shirts (620530), women's or girls' blouses (620640), are earning more than $100.00 million for Bangladesh.

Moreover, Bangladesh has worked well on diversification of its RMG products. Over the years, it has included many products to all the top markets like the US, the EU, the UK, and other emerging export destinations. Bangladesh has worked on the articles made of synthetic fibres and has exported those articles with a tremendous growth.

Chapter 6

Unit Value Comparison in the US and EU markets

Chapter 6

Unit Value Comparison in the US and EU markets

The tables below shows the unit value comparison of Bangladesh with Pakistan, China, and Vietnam in the US and EU markets. The products are top exported products of Bangladesh, selected by their export values (USD, million) in 2024, to the respective markets. The products are categorized by their raw materials, cotton and synthetic fibres, in both the markets.

6.1 Unit Values, Products made of Cotton, in EU

EU as the largest market for Bangladesh RMG especially for the cotton made articles. For the top exported cotton made articles with over $1.00 billion export value, Bangladesh is offering with relatively lower unit value comapred to Pakistan, China, and Vietnam.

Table 20: Unit Values of Top Bangladesh's Exports of Articles made of Cotton, in EU

HS code	Product label	Bangladesh Top Exports, 2024	Unit value of Articles made of Cotton							
			Bangladesh		Pakistan		China		Vietnam	
			2023	2024	2023	2024	2023	2024	2023	2024
610220	Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles of cotton, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls)	4,373.16	2.70	2.46	4.42	4.53	-	4.73	6.45	6.50
610342	Men's or boys' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. swimwear and underpants)	2,708.20	8.43	8.46	10.00	9.74	11.90	11.92	16.04	16.61
610442	Women's or girls' dresses of cotton, knitted or crocheted (excl. petticoats)	2,111.02	7.06	6.53	7.70	7.22	11.86	11.23	12.78	12.91
610462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton, knitted or crocheted (excl. panties and swimwear)	1,700.62	7.23	7.36	8.76	8.79	8.27	8.83	13.31	14.73
610510	Men's or boys' shirts of cotton, knitted or crocheted (excl. nightshirts, T-shirts, singlets and other vests)	991.89	3.46	3.13	5.75	5.63	6.49	5.79	8.93	8.36
610610	Women's or girls' blouses, shirts and shirt-blouses of cotton, knitted or crocheted (excl. T-shirts and vests)	714.94	5.03	4.72	4.73	4.65	11.17	10.66	13.6	13.57
610711	Men's or boys' underpants and briefs of cotton, knitted or crocheted	704.25	7.63	7.40	8.43	7.14	12.75	11.57	14.79	15.66
610721	Men's or boys' nightshirts and pyjamas of cotton, knitted or crocheted (excl. vests and singlets)	601.75	24.37	22.56	18.79	20.3	26.86	24.73	25.26	26.35
610821	Women's or girls' briefs and panties of cotton, knitted or crocheted	369.79	1.90	1.91	2.29	2.50	1.59	1.54	2.25	2.84
610831	Women's or girls' nightdresses and pyjamas of cotton, knitted or crocheted (excl. T-shirts, vests and négligés)	336.66	4.53	4.23	6.07	5.18	9.69	11.29	12.95	12.43
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	322.11	4.48	4.06	5.56	5.17	7.21	7.86	8.53	9.63
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excl. wadded waistcoats)	230.51	4.41	3.69	4.18	4.83	5.39	4.99	9.26	9.85

HS code	Product label	Bangladesh Top Exports, 2024	Unit value of Articles made of Cotton							
			Bangladesh		Pakistan		China		Vietnam	
			2023	2024	2023	2024	2023	2024	2023	2024
611120	Babies' garments and clothing accessories of cotton, knitted or crocheted (excl. hats)	212.65	1.28	1.11	2.06	2.89	0.98	0.88	1.07	1.41
611420	Special garments for professional, sporting or other purposes, n.e.s., of cotton, knitted or crocheted	169.55	20.97	20.66	19.98	17.40	27.73	26.47	36.01	39.19
620292	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of cotton (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	160.87	3.51	3.24	4.56	4.07	6.85	6.77	9.87	9.45
620342	Men's or boys' trousers, bib and brace overalls, breeches and shorts, of cotton (excl. knitted or crocheted, underpants and swimwear)	149.40	6.80	6.60	9.60	8.19	11.07	10.42	12.13	12.41
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted or crocheted, panties and swimwear)	141.23	28.70	28.11	18.91	20.32	34.54	31.72	45.25	42.02
620520	Men's or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other vests)	131.17	4.28	3.68	3.72	3.87	-	5.08	5.61	8.30
620630	Women's or girls' blouses, shirts and shirt-blouses of cotton (excl. knitted or crocheted and vests)	114.03	10.20	8.88	10.44	10.70	16.31	12.94	18.23	20.67
620920	Babies' garments and clothing accessories of cotton (excl. knitted or crocheted and hats, napkins and napkin liners [see 9619])	111.05	-	22.62	-	23.05	-	27.27	-	32.83

Data Source: World Integrated Trade Statistics

6.2 Unit Values, Products made of Synthetic Fibre, in EU

Table 6.2 compares unit prices of products made for synthetic fibers. For majority of the articles, Bangladesh is competing with China in terms of unit value, while offering less unit value compared to Pakistan and Vietnam.

Table 21: Unit Values of Top Bangladesh's Exports of Articles made of Synthetic Fibres, in EU

HS code	Product label	Bangladesh Top exports, 2024	Unit value of Articles made of Synthetic Fibres							
			Bangladesh		Pakistan		China		Vietnam	
			2023	2024	2023	2024	2023	2024	2023	2024
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excl. wadded waistcoats)	1,728.61	6.39	5.83	5.43	5.11	8.06	7.50	9.90	10.38
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, underpants and swimwear)	453.86	11.66	11.80	13.05	11.48	11.46	11.10	15.93	16.27
620193	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	404.05	23.41	25.99	29.60	28.30	26.81	25.88	37.55	38.75
620293	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	345.67	21.03	22.58	24.27	25.85	27.09	26.80	31.41	32.95
610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. panties and swimwear)	262.13	4.61	4.47	4.59	4.17	5.62	4.84	8.15	8.06
620463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, panties and swimwear)	239.87	6.70	6.89	7.53	6.15	9.38	9.13	10.05	10.28

HS code	Product label	Bangladesh Top exports, 2024	Unit value of Articles made of Synthetic Fibres							
			Bangladesh		Pakistan		China		Vietnam	
			2023	2024	2023	2024	2023	2024	2023	2024
620640	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres (excl. knitted or crocheted and vests)	175.96	5.02	4.87	4.51	5.66	8.35	8.16	7.76	7.07
610822	Women's or girls' briefs and panties of man-made fibres, knitted or crocheted	158.41	2.01	1.74	2.46	2.60	1.74	1.63	3.04	3.06
611430	Special garments for professional, sporting or other purposes, n.e.s., of man-made fibres, knitted or crocheted	143.75	21.57	21.64	17.92	14.06	26.20	23.83	53.77	44.82
620530	Men's or boys' shirts of man-made fibres (excl. knitted or crocheted, nightshirts, singlets and other vests)	118.66	5.75	5.57	8.41	6.78	9.28	8.49	13.51	14.66
610443	Women's or girls' dresses of synthetic fibres, knitted or crocheted (excl. petticoats)	109.94	6.26	6.42	5.53	5.62	9.71	9.54	10.62	10.90
610230	Women's or girls' overcoats, car coats, capes, cloaks, anoraks, incl. ski jackets, windcheaters, wind-jackets and similar articles of man-made fibres, knitted or crocheted (excl. suits, ensembles, jackets, blazers, dresses, skirts, divided skirts, trousers, bib and brace overalls)	105.53	10.02	9.61	8.37	8.89	14.07	14.57	15.44	16.11
620444	Women's or girls' dresses of artificial fibres (excl. knitted or crocheted and petticoats)	100.81	6.13	6.89	15.18	17.93	12.64	12.56	11.76	10.50

Data Source: World Integrated Trade Statistics

6.3 Unit Values, Articles made of Cotton, in the US

US is the second largest market for Bangladesh RMG after the EU but demand for cotton made articles is much lower compare to demand for made articles in the EU. The articles in the table below are among the top Bangladesh's exports to the US, some of the articles have been droped due to unavailability quantities due to which unit values could not be calculated.

Table 22: Unit Values of Top Bangladesh's Exports of Articles made of Cotton, to US

HS code	Product label	Bangladesh Top Exports, 2024	Unit Value of articles made of Cotton							
			Bangladesh		Pakistan		China		Vietnam	
			2023	2024	2023	2024	2023	2024	2023	2024
620462	Women's or girls' trousers, bib and brace overalls, breeches and shorts of cotton (excl. knitted or crocheted, panties and swimwear)	133.62	6.23	6.78	8.01	8.16	3.99	4.26	8.29	8.76
610821	Women's or girls' briefs and panties of cotton, knitted or crocheted	122.21	0.89	0.86	0.63	0.52	0.95	0.94	0.86	0.80
611020	Jerseys, pullovers, cardigans, waistcoats and similar articles, of cotton, knitted or crocheted (excl. wadded waistcoats)	113.28	4.01	4.10	4.30	4.23	5.31	4.62	5.20	5.02
620520	Men's or boys' shirts of cotton (excl. knitted or crocheted, nightshirts, singlets and other vests)	105.13	5.80	5.80	4.00	4.29	6.11	6.08	9.43	9.54
610910	T-shirts, singlets and other vests of cotton, knitted or crocheted	94.30	1.94	1.77	1.81	1.51	1.95	1.71	3.03	2.87

Data Source: World Integrated Trade Statistics

6.4 Unit Value, Articles made of Synthetic Fibre, in the US

Among the synthetic fibres made articles, men's woven trousers with Bangladesh's export value of $363.50 million in the US, has been offered for $6.40 per unit while the same product has been offered for lesser unit values by Pakistan ($5.71) and China ($5.97).

Table 23: Unit Value of Top Bangladesh's Articles made of Synthetic Fibres, to US

HS code	Product label	Bangladesh Top Exports, 2024	Unit Value of articles made of Synthetic Fibres							
			Bangladesh		Pakistan		China		Vietnam	
			2023	2024	2023	2024	2023	2024	2023	2024
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, underpants and swimwear)	363.50	6.25	6.40	5.63	5.71	6.08	5.97	8.85	8.24
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres, knitted or crocheted (excl. wadded waistcoats)	169.56	4.68	4.83	5.80	5.02	4.25	4.03	5.75	5.84
620193	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	154.88	16.13	16.38	22.24	18.88	13.75	11.81	19.00	19.11
620530	Men's or boys' shirts of man-made fibres (excl. knitted or crocheted, nightshirts, singlets and other vests)	112.65	5.48	5.48	8.98	3.32	4.31	4.49	8.31	8.20
620293	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres (not knitted or crocheted and excluding suits, ensembles, jackets, blazers, trousers and tops of ski suits)	103.19	13.77	16.47	24.20	18.29	11.88	10.19	19.50	17.49
620463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres (excl. knitted or crocheted, panties and swimwear)	81.70	5.51	5.51	5.62	4.30	4.80	4.73	7.04	7.01
610343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres, knitted or crocheted (excl. swimwear and underpants)	75.25	3.54	3.27	5.77	4.15	3.62	3.43	4.85	4.91

Data Source: World Integrated Trade Statistics

Chapter 7

Key Takeaways about the Rise of Bangladesh's Apparel Industry

Chapter 7

Key Takeaways about the Rise of Bangladesh's Apparel Industry

Bangladesh's ascent to becoming the world's second-largest exporter of ready-made garments (RMG) is a compelling example of vision, strategic industrial development, trade diplomacy, and inclusive growth. Drawing on historical context, stakeholder interviews, and empirical data, this chapter synthesizes the internal dynamics and external advantages that shaped the country's RMG trajectory.

7.1 Vision, Foundational Reforms and Policy Innovation

Bangladesh's journey toward becoming a global apparel powerhouse began not with abundant capital or industrial infrastructure, but with a vision, backed by pragmatic reforms and innovative policy designs in the wake of its independence in 1971. The exit of West Pakistani industrialists left Bangladesh with a significant leadership and financial vacuum. In the absence of natural endowements other than jute and a large improvised population, the government, under the guidance of visionary bureaucrats, implemented a plan that combined the availability of a large semi-skilled workforce with Bangladesh's market access due to it being an LDC.

As part of the strategy, two important policy decisions were taken, the provision of back-to-back LC arrangements which allowed Bangladeshi exporters to open LCs against confirmed export orders, and the provision of bonded warehouse facilities. The bonded warehouse facility permitted duty-free storage of imported inputs for export production, effectively removing the working capital barrier for small firms. These two policies not only democratized access to global markets but also catalyzed the rapid entry of small and medium enterprises (SMEs) into the apparel export sector.

In parallel, the government invested in human capital development. Dozens of young Bangladeshis were sent to South Korea in the 1980s for hands-on training in garment manufacturing under a collabrative arrangement with Daewoo. Upon return, many of these individuals founded their own RMG enterprises, bringing with them technical knowledge, managerial capacity, and a culture of efficiency that laid the foundation for a skilled labor force.

Foreign direct investment (FDI) also played a critical early role. South Korea's Youngone Corporation, one of the world's leading outerwear manufacturers, was invited to set up operations in Bangladesh. Youngone not only introduced state-of-the-art production techniques and export logistics but also acted as a conduit for integrating Bangladeshi suppliers into global retail value chains, establishing credibility for the country in international markets.

These foundational reforms—centered on trade facilitation, access to finance, skills transfer, and FDI attraction—demonstrate how well-designed policy instruments can compensate for initial resource constraints. More importantly, they reflect Bangladesh's early recognition that long-term competitiveness in the RMG sector would depend not just on cheap labor, but on institutional mechanisms that reduce entry barriers, encourage entrepreneurship, and build global market linkages.

7.2 Focus on Finished Garments over Upstream Textiles

One of the most consequential strategic decisions in Bangladesh's RMG success story was its deliberate focus on finished garment exports rather than upstream textile components such as yarn, or fabric. Unlike Pakistan, which historically emphasized capital-intensive spinning and weaving driven by domestic cotton production, Bangladesh pursued a globalized production model centered on value-added apparel manufacturing.

This approach was rooted in economic pragmatism and policy foresight. Bangladesh had no significant cotton production or an established textile base at the time of independence. Instead of attempting to build a vertically integrated textile ecosystem from scratch, Bangladesh leveraged its LDC status and liberal trade policies to import raw materials and intermediate products—cotton, synthetic, blended, and man-made fibers, yarn and fabric—from competitive international suppliers. The back-to-back LC and bonded warehouse system enabled this import-dependent strategy by lowering transaction costs and simplifying access to input materials.

Initially, Bangladesh's garments were low-cost and modest in quality, aimed primarily at price-sensitive markets. However, through consistent learning-by-doing, exposure to global buyers, and pressure from compliance and quality standards, Bangladeshi manufacturers rapidly improved their product quality, operational efficiency, and reliability. Over time, they moved up the value chain, catering to large international brands such as H&M, Zara, Walmart, and Uniqlo, and expanded their product offerings to include outerwear, sportswear, denim, and tailored woven garments.

This strategic pivot brought several structural and economic advantages:

- Direct integration with global supply chains: By focusing on finished goods, Bangladeshi firms were able to engage directly with international retailers, bypassing intermediate buyers and establishing long-term procurement relationships.
- Marketing and compliance expertise: Close interaction with international buyers brought knowledge transfer in product development, supply chain transparency, social compliance, and sustainability practices, which further differentiated Bangladeshi exports in the global market.
- Scalable employment and inclusive growth: Finished garments are labor-intensive and offer employment to a broad, semi-skilled workforce—especially women—making the sector a vehicle for inclusive economic development.
- Flexibility and adaptability: As global fashion cycles accelerated, Bangladesh's ability to import a wide range of fabrics (rather than being tied to domestic cotton or yarn) allowed it to respond faster to changing consumer trends and maintain export dynamism.

In contrast, Pakistan's continued focus on exporting intermediate goods—such as yarn and fabric—limits its value addition and confines its position in the global value chain to upstream, low-margin activities. Interviews highlight that Pakistan exports over $2.5 billion worth of yarn and fabric to competitors like Bangladesh, who in turn convert these into garments and extract far more value per unit through branding and retail linkages.

7.3 Trade Access through LDC Privileges

Bangladesh's exceptional integration into global apparel markets was significantly facilitated by its Least Developed Country (LDC) status, which granted it preferential trade access to major importing economies. Under the European Union's Everything But Arms (EBA) initiative, Bangladesh enjoys duty-free and quota-free access to the EU market—its largest export destination. Similar privileges have been extended by other major economies, including Canada, Japan, Australia, China, and India, creating a wide network of low-tariff export corridors.

This preferential access has enabled Bangladeshi products to enter key global markets at lower landed costs, offering a decisive pricing advantage over competitors like Pakistan, which either lacked such arrangements or faced higher compliance thresholds under mechanisms like GSP+.

China alone granted 96% duty-free access to Bangladeshi products under the Asia-Pacific Trade Agreement (APTA), while India and regional partners facilitated tariff exemptions under SAARC protocols. In contrast, Pakistan's strained political relations with neighboring countries (especially India) limited its ability to benefit from regional arrangements and hindered regional sourcing compliance for GSP+.

However, these market access privileges came with expectations of compliance, particularly after the Rana Plaza tragedy in 2013, which exposed major gaps in factory safety. Rather than losing momentum, Bangladesh responded proactively. The government, in collaboration with private industry, international organizations, and buyers, instituted reforms including:

- The Accord on Fire and Building Safety and the Alliance for Bangladesh Worker Safety, which set new benchmarks for workplace safety and structural standards.
- Amendments to labor laws to strengthen worker rights, improve occupational health and safety, and formalize wage structures.
- Large-scale investment in LEED-certified green factories, making Bangladesh one of the environmentally sustainable garments producing countries.

These measures not only safeguarded Bangladesh's LDC-linked trade privileges but also elevated the country's reputation as a reliable, compliant, and responsible sourcing destination—a perception crucial to retaining large buyers like H&M, Zara, and Walmart.

Importantly, interviews reveal that Bangladesh's trade diplomats and industry leaders are already preparing for LDC graduation in 2026, recognizing the loss of duty-free access as a looming challenge. The country is actively negotiating bilateral and regional trade agreements, exploring preferential trade arrangements (PTAs), and lobbying for transitional support mechanisms with key trade partners. This proactive stance contrasts with Pakistan's relatively reactive approach, where market access initiatives often lag behind external shocks or donor requirements.

7.4 Private Sector Empowerment and Institutional Continuity

One of the most critical aspects of Bangladesh's apparel success is the integration of the private sector into policymaking. Several high-ranking government officials, including trade ministers and key advisors, have come from within the RMG sector like the BEXIMCO and other associations. This arrangement ensures alignment between industry needs and policy interventions.

Bangladesh has also benefited from relative policy stability and government stability. With minimal abrupt shifts in taxation, trade incentives, or labor law, garment manufacturers have been able to plan long-term investments. This stands in stark contrast to Pakistan, where policy reversals are frequent and unpredictable.

The establishment and expansion of Export Processing Zones (EPZs) played a crucial role in facilitating foreign direct investment. EPZs offer investors streamlined regulations, infrastructure readiness, and labor management flexibility. Currently, there are 8 or 9 EPZs, although not all EPZs operate at full capacity, only the old 3 or 4 are at maximum operation. Majority of them have the capacity to grow and accommodate foreign investment. The oldest zones in Dhaka and Chittagong are highly productive and continue to host global apparel manufacturers.

7.5 Financial Innovation and SME Participation

A cornerstone of Bangladesh's export-led apparel success has been its innovative and inclusive financial architecture, most notably the introduction of the back-to-back Letter of Credit (LC) system and bonded warehousing in the 1980s. These mechanisms revolutionized access to finance for small and medium enterprises (SMEs) by enabling them to import raw materials duty-free against confirmed export orders with a 120-day repayment window. As one interviewee noted, this policy alone helped "small garment enterprises start producing" with minimal upfront capital, democratizing entry into the export sector.

Complementing this was a relatively risk-tolerant banking system. While Bangladeshi banks have their weaknesses—including episodes of over-leveraging and government bailouts—they have historically shown greater willingness to extend credit to exporters, including SMEs, than their Pakistani counterparts. Bangladeshi banks often work on the principle that if an exporter has a confirmed order, they are creditworthy—regardless of firm size or collateral limitations.

In contrast, Pakistan's financial system remains risk-averse, particularly in extending credit to new or smaller firms. Banks in Pakistan are structurally stronger but more conservative, typically favoring established industrial players over export-ready SMEs. Interviews revealed that even large textile firms in Pakistan face delays in export financing, often citing sluggish refund cycles, high collateral demands, and poor integration with export facilitation schemes.

Another contrast lies in how financial inclusion translates to export participation. In Bangladesh, access to working capital through LC-backed credit mechanisms has allowed even modest exporters to scale, innovate, and integrate into global supply chains. This financial openness contributed to the emergence of hundreds of mid-sized exporters who now anchor the country's RMG ecosystem. As one stakeholder put it, "Even if the system wasn't perfect, it allowed people to try—and that's where growth begins."

Despite the downside—such as two banks collapsing due to unsustainable lending practices—this broader financial strategy has created a dynamic, SME-driven export ecosystem that Pakistan can learn from. The challenge for Pakistan lies in reconciling financial prudence with growth facilitation, particularly in structuring export-oriented credit mechanisms that are accessible, predictable, and responsive to SME needs.

7.6 Labor Force Dynamics and Gender Inclusion

Bangladesh's remarkable progress in the ready-made garment (RMG) sector is inextricably linked to its strategic mobilization of labor—especially its emphasis on female workforce participation, skill development, and inclusive workplace structures. High population density and widespread poverty initially provided a large, low-cost labor pool, but it was Bangladesh's policy and institutional responses that turned this demographic reality into a developmental advantage.

Early on, Bangladesh collaborated with international firms like Daewoo, sending 60–70 young Bangladeshis to Korea for specialized training in garment manufacturing. Many of these trainees returned and founded their own export-oriented garment factories, catalyzing grassroots entrepreneurship. This model of learning-by-doing and training abroad laid the groundwork for scaling the industry with minimal capital outlay and a skilled labor base.

Over time, Bangladesh institutionalized workforce development through initiatives like the International Labour Organization's (ILO) programs, which have trained thousands of factory managers and improved workplace practices for over 800,000 workers. Technical institutions such as the National Institute of Textile Training, Research, and Design (NITTRAD) and collaborations with ITC-ILO have further enhanced technical, compliance, and managerial capacities. These programs addressed not only skills but also occupational safety, ergonomics, and fire prevention, laying the foundation for improved productivity and factory compliance.

A standout feature of Bangladesh's labor strategy is the integration of women into the industrial workforce. The RMG sector accounts for one of the highest female labor force participation rates in the developing world. This was facilitated by a combination of cultural pragmatism, legal support for women's mobility, and targeted investment in education and workplace infrastructure. Laws supporting women's employment, public messaging around dignity in factory work, and wage-based independence have helped normalize and promote female participation.

The resulting economic and social dividends have been substantial. For women, employment has translated into financial autonomy and social mobility. For manufacturers, it has ensured access to a disciplined, reliable, and increasingly productive labor pool. Importantly, high labor productivity in Bangladesh is not simply a function of lower wages; it is a result of continuous investments in human capital, process standardization, and factory discipline.

In contrast, Pakistan continues to struggle with low labor productivity, underutilization of its female workforce, and fragmented training systems. The Bangladeshi model underscores that labor efficiency is not just about cost—it is about skills, inclusion, and systems thinking.

7.7 Compliance with International Labor and Environmental Standards

Bangladesh being an LDC was working under the radar, their working environment and specifically safety standards were poor. But Bangladeshis work proactively when it comes to RMG exports. For instance, after the incident of Rana Plaza they reacted quickly to remain intact. They made significant progress in aligning their RMG (ready-made garments) sector with international labor and environmental standards. The introduction of reforms such as the 2013 Accord on Fire and Building Safety and the Alliance for Bangladesh Worker Safety has been pivotal in improving workplace safety and structural integrity.

The Labor Act, initially passed in 2006 and amended in 2018, mandates the establishment of safety committees and ensures workers' rights, including fair wages, reasonable working hours, and improved safety conditions. The minimum wage in the garment industry has increased by 381.00% since 2010, reflecting efforts to enhance living standards for workers. Additionally, the government has launched initiatives like the pilot Employment Injury Scheme in collaboration with the International Labour Organization (ILO) to provide workers with compensation for injuries.

From an environmental standpoint, Bangladesh's factories have adopted energy-efficient technologies and wastewater treatment systems to meet stringent global environmental regulations. For example, Bangladesh boasts the highest number of green-certified garment factories globally, with over 200 factories achieving LEED (Leadership in Energy and Environmental Design) certification. These efforts align with international buyers' growing preference for sustainable and ethically-produced goods.

7.8 Strategic Diplomacy and Crisis Response

Bangladesh's ascent in the global apparel market is not only a story of industrial policy and labor supply—it is equally a case of proactive and business-centered trade diplomacy. The leadership within Bangladesh's RMG sector, especially its associations, has played an instrumental role in maintaining and expanding global market access through direct engagement with international stakeholders.

A defining example was the COVID-19 pandemic, when order cancellations by European and American retailers threatened to paralyze the industry. Rather than adopting a passive stance, leaders within the Bangladesh Garment Manufacturers and Exporters Association (BGMEA)—notably its female president at that time—personally lobbied embassies, retailers, and government officials to maintain and renegotiate contracts. This form of commercial diplomacy, conducted by private sector leaders, demonstrated not just resilience but a deep commitment to safeguarding the country's export reputation.

Such engagement contrasts sharply with Pakistan's experience, where private sector responses have generally been fragmented and state coordination has been weak or delayed during crises.

Bangladesh's integration of industry professionals into government roles, including trade ministers and senior advisors from firms like BEXIMCO, has further institutionalized this agility. It allows for policy continuity, fast response to global developments, and better alignment of export priorities with diplomatic strategies.

In anticipation of its graduation from LDC status in 2026, Bangladesh has already initiated diplomatic efforts to secure Preferential Trade Agreements (PTAs) and alternative market access frameworks to retain competitiveness post-graduation. Letters from the Prime Minister to foreign leaders, including the President of the United States, highlight Bangladesh's proactive positioning on trade policy.

These actions reflect a strategic understanding of global trade dynamics, something Pakistan has yet to fully emulate. For Pakistan, the lesson is clear: export diplomacy cannot be an afterthought—it must be integrated into a national economic strategy, driven by both state and industry leadership.

7.9 Social, Cultural & Logistical Factors

Bangladesh's success in attracting and retaining international buyers has been supported by a combination of social openness, foreigner-friendly culture, and superior logistical connectivity—factors often underestimated in conventional industrial policy discussions.

Culturally, Bangladeshi society is perceived as more liberal and inclusive, particularly in the urban and industrial belts. There is greater tolerance for diversity, and fewer visible religious or social constraints that might alienate foreign investors or visitors. Interviewees consistently noted that foreign buyers feel safer and more comfortable in Bangladesh compared to Pakistan. This sentiment is reflected not only in the higher frequency of foreigner visits to Bangladesh's industrial zones but also in the reluctance of buyers to visit Pakistan, even when sourcing from there.

This perception gap is reinforced by practical realities. Bangladesh's Dhaka airport, though modest in infrastructure, offers direct and regular connectivity to major global hubs including Singapore, Hong Kong, Dubai, and key European capitals. As a result, buyers can visit multiple sourcing destinations—such as Vietnam, Bangladesh, and India—in one trip. In contrast, Pakistan's limited direct connectivity adds both time and cost burdens to travel itineraries. A buyer from Germany, for instance, might be able to fly directly to Dhaka but must route through the Middle East to reach Lahore or Karachi, losing valuable time in transit.

Additionally, the absence of visible security apparatus or heavy protocol culture in Bangladesh improves the experience for foreign clients. In Pakistan, the presence of armed guards, checkpoints, and convoy protocols—especially in Punjab—often unsettles visitors and reinforces perceptions of risk, regardless of the actual threat level.

In short, Bangladesh has cultivated an environment of ease, comfort, and predictability for international business, which significantly improves buyer retention and confidence. These soft factors—often overlooked in Pakistan—play a crucial role in sustaining long-term commercial relationships and facilitating foreign investment in the RMG sector.

7.10 Economies of Scale and Export-Oriented Manufacturing

As Bangladesh started with cutting and stitching functions when they had no industry, this was with a little investment because RMG sector is more labor intensive. Initially they worked at small scale and low quality but over the years, they developed their industry and improved quality of products. With the exposure to the global markets, larger retailers came to Bangladesh. Every firm had to increase its scale of operations in the RMG sector through several strategic actions and systemic developments.

With less investment in capital and more focus on labor, Bangladesh developed an export-led growth model. Since they did not have raw matrials and imports were highly facilitated, even small scale manufacturers started exporting to international retailers. SMEs of the 1980s and 1990s became the key players in later years. Over the years they attracted foreigners because of market access and low cost, and capitalized on the global demand for basic, high-volume apparel products like T-shirts, sweaters, and trousers. These products allowed manufacturers to standardize production processes and achieve higher outputs with lower unit costs. Orders from large global retailers such as H&M, Zara, Walmart, and Primark, which required bulk production, pushed factories to scale up operations. The repetitive nature of such orders helped firms streamline operations and minimize production costs per unit.

The geographic concentration of RMG factories in Dhaka, Gazipur, Narayanganj, and Chattogram created economies of agglomeration. Shared resources like skilled labor, suppliers, and infrastructure reduced input and logistical costs, enabling individual firms to benefit from the collective scale of the industry.

Bangladesh's government and central bank have implemented a range of export-promoting policies that have significantly contributed to the success of the RMG sector. Initially following an import-substitution strategy, the country shifted to export-oriented industrialization in 1975, introducing pro-market reforms that encouraged private investment and attracted multinational partnerships. Key measures included duty-free imports of raw materials and machinery, tax exemptions on export income, and subsidized credit schemes like the Export Development Fund (EDF), which provided low-interest foreign currency loans for pre-shipment financing. Two transformative policies—bonded warehousing and the back-to-back letter of credit (LC) system—further strengthened Bangladesh's RMG sector. Bonded warehousing allowed duty-free import and storage of raw materials for export production, reducing costs and lead times, while the back-to-back LC system enabled manufacturers to access working capital using confirmed export orders as collateral. These policy support help SMEs to grow and play globally.

Firms achieved scale efficiencies by specializing in a limited range of products, such as knitted T-shirts, knitted jerseys and woven men's and women's suits and trousers, reducing complexity in production. For instance, in 2024, T-shirt exports were valued at \$8.23 billion, jerseys accounted for \$7.07 billion, men's woven garments stood at \$8.05 billion, while women's woven garments were valued at \$6.02 billion, reflecting their continued demand across global markets.

7.11 Investment in Joint Ventures and Technological Advancements

Joint ventures in Bangladesh are not many in number but they have played a significant role in transforming Bangladesh's ready-made garment (RMG) industry into a global leader. Early partnerships with South Korean firms such as Daewoo and Youngone Corporation played a foundational role, with Desh Garments pioneering large-scale RMG production in the 1970s. These collaborations introduced advanced manufacturing techniques, supply chain management, and export strategies. Over the decades, this model was replicated and expanded, attracting investors from China, Japan, India, and Turkey, among others. The Japan External Trade Organization (JETRO) facilitated investments, particularly through initiatives like the Japan Economic Zone in Narayanganj, which provided modern infrastructure and access to Japanese expertise. Similarly, Chinese firms, often under the Belt and Road Initiative, brought cutting-edge technology, logistics expertise, and backward linkages that improved supply chain efficiency, enabling Bangladeshi firms to scale production and meet global demand.

Additionally, Indian firms have invested in Bangladesh, particularly in woven and denim manufacturing, benefiting from the country's market access in global markets. Collaborations with global brands like Japan's Uniqlo also introduced eco-friendly production practices and advanced machinery, helping Bangladesh transition to sustainable garment manufacturing.

7.12 Global Market Integration

Bangladesh's exceptional integration into global retail supply chains has been a cornerstone of its RMG sector's growth. From the early stages, Bangladeshi exporters prioritized direct engagement with international retailers. This deliberate alignment with buyer expectations enabled Bangladeshi firms to learn not only about compliance and production standards, but also about branding, consumer trends, order management, and sustainability metrics.

Interviewees emphasized that international buyers today demand more than just low prices—they expect suppliers to demonstrate awareness of sustainability benchmarks, including water and electricity consumption, worker welfare, and environmental practices. Bangladesh's early exposure to these buyers forced the sector to evolve rapidly, absorbing key lessons in design adaptation, quality assurance, lean production, and logistics efficiency. As a result, Bangladeshi manufacturers became adept at meeting precise technical specifications, short lead times, and seasonal fashion cycles.

Moreover, buyer proximity in Bangladesh was not only physical but institutional. The presence of global buyers' regional offices in Dhaka facilitated frequent, real-time communication, enabling more responsive production planning and issue resolution. In contrast, Pakistan saw many of these offices relocate to Bangladesh during the 1990s and 2000s due to better product offerings and operational reliability. This shift further deepened Bangladesh's integration into retail ecosystems, as global buyers increasingly embedded the country into their sourcing strategies.

In essence, Bangladesh did not just sell garments—it entered the marketing and branding league. The focus on direct buyer relationships created a feedback loop of continuous improvement, helping the country ascend from basic apparel to mid- and high-value product categories. This level of integration has enabled Bangladesh to transition from a low-cost vendor to a strategic supply chain partner in the global apparel industry.

7.13 Diversification and Product Range

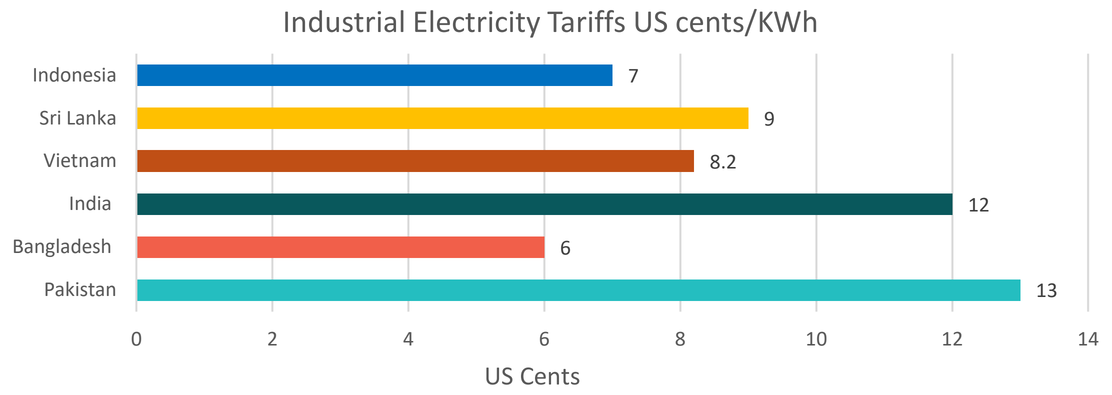
Bangladesh's RMG sector has successfully diversified its product range to ensure resilience and adaptability in the global market. While the industry's initial focus was on basic knitwear such as T-shirts (6109) and pullovers (6110), which still remain its strongest export categories, it has increasingly expanded into more sophisticated product lines over the decades. Woven garments such as women's dresses and suits (6204) and men's trousers and suits (6203) have gained prominence, particularly in European markets like the UK, France, and Spain, where demand for tailored formal and semi-formal attire is robust. This diversification has allowed Bangladesh to cater to different consumer preferences globally—casual and cost-effective knitwear for the US market and formal, high-value apparel for European buyers.

The ability to balance its knitwear and woven garment portfolios has been a key factor in the country's sustained export growth. Beyond its traditional product strengths, Bangladesh has also ventured into specialized segments like outerwear, activewear, and premium denim, driven by increasing investments in advanced machinery and design capabilities. This diversification not only enhances Bangladesh's export value but also mitigates risks associated with over-reliance on a few products or markets. By responding to varying trends and consumer preferences across its top five importers, Bangladesh's RMG sector has built a strong reputation for both quality and adaptability, ensuring its place as a global manufacturing leader.

7.14 Cost Competitiveness

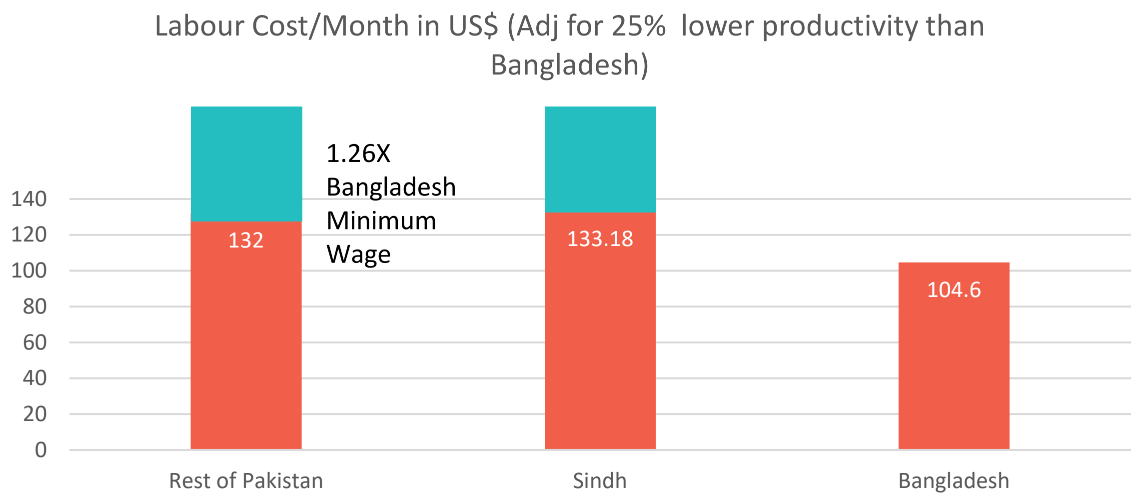
Bangladesh benefits from lower energy costs, a competitive wage structure, and favorable export finance schemes, which make its production cost-effective. According to the National Energy Efficiency and Conservation Authority report of 2021, Bangladesh's electricity price $0.09 kWh, was lower than Pakistan's $0.13 kWh and India's $0.12 kWh. The figure below shows that Bangladesh's Industrial electricity tariffs is the lowest standing at US cents/kWh 6.

Figure 36: Industrial Electricity Tariffs



Similarly, Bangladesh has benefited from lower labour cost. Wage structures in Bangladesh used to be more competitive compared to Pakistan which added to their cost effectiveness. In the figure below, Index value is set to 100, Bangladesh stands at 104.60 while Pakistan stands at 132.00, which is 1.26 times higher than Bangladesh.

Figure 37: Labour Cost



(https://neeca.gov.pk/Detail/ZmRiNzdiZWItMzc5Yi00MTA2LTg3ZmUtZjNiMjUxM2E3ZGMy)

Chapter 8

Lessons for Pakistan and Conclusions

Chapter 8

Lessons for Pakistan and Conclusions

While Pakistan has a deep-rooted textile history and a complete value chain, its apparel sector has failed to capitalize on global opportunities in the way Bangladesh has. This chapter draws critical lessons for Pakistan, based on comparative industry performance, stakeholder interviews, and structural diagnostics.

8.1 Transition from Raw Materials to Value Addition

One of the most critical structural weaknesses in Pakistan's textile and apparel value chain is its disproportionate focus on upstream segments—namely, cotton, yarn, and fabric—at the expense of finished garment exports. Despite being among the top cotton-producing countries and having significant spinning and weaving capacity, Pakistan's export profile remains concentrated in low-margin, intermediate goods. In 2024, Pakistan's total textile exports stood at approximately $17.50 billion, but the share of value-added apparel exports was only $8.71 billion. This stark imbalance reflects a missed opportunity for deeper integration into global value chains and for capturing higher value per unit exported.

Pakistan continues to export more than $2.5 billion worth of yarn and fabric—much of it to direct competitors such as Bangladesh, Vietnam, and Cambodia. These countries import Pakistani inputs, convert them into garments, and then export them at significantly higher margins. International buyers and policymakers alike have questioned this practice. In one recent international hearing, Pakistan's own representatives were challenged by trade officials for "feeding its competitors" rather than pursuing forward integration and capturing more value at home.

Moreover, the export of intermediate goods forfeits the opportunity to build international brand recognition, which is primarily associated with finished, consumer-facing products. While yarn and fabric remain commoditized and fungible, garments allow for product differentiation, branding, and design innovation. This is the path Bangladesh pursued, transitioning early into apparel manufacturing and gradually acquiring skills in compliance, packaging, marketing, and retail integration.

Interview data reveals that Pakistani entrepreneurs have long favored spinning and weaving due to the capital-intensive but low-skill nature of those segments—what one expert termed "easy money" with low labor dependence. However, global apparel markets are now driven less by input availability and more by lead time, flexibility, design responsiveness, and compliance—all attributes that favor downstream, labor-intensive segments like garments.

To address this structural imbalance, Pakistan needs to:

- Shift industrial incentives from yarn and fabric exports to apparel manufacturing, including rebates, duty drawbacks, and preferential financing for garment exporters.

- Discourage raw material exports to competitors where feasible, and redirect supply to domestic garment producers through fiscal incentives and policy nudges.

- Develop specialized garment clusters—with plug-and-play infrastructure, logistics connectivity, and skilled labor—focused entirely on export-oriented apparel production.

- Invest in skill development and technological upgrading for garment stitching, finishing, design, and merchandising to enhance domestic capabilities.

- Encourage private sector partnerships and FDI in apparel, especially joint ventures with firms from countries like China, Turkey, and Korea, who already play major roles in Bangladesh's success story.

Pakistan's strength in raw material availability and backward linkages is not in question. What is missing is the strategic vision and institutional support to move up the value chain. As global retailers increasingly demand full-package solutions—design to delivery—Pakistan must position itself as a garment supplier, not just a fiber and fabric exporter. Without this shift, the country risks remaining locked in a low-value, high-volume trap that limits both foreign exchange earnings and employment generation.

8.2 Develop a Coherent National Apparel Policy

Pakistan's apparel sector continues to suffer from the absence of a dedicated, long-term, and coherent national policy framework tailored specifically to its needs. While Bangladesh's rise was driven in part by a singular focus on ready-made garments (RMG) as a strategic export sector, Pakistan has historically subsumed apparel under the broader category of "textiles." This conflation has obscured the very different value chains, input requirements, and labor dynamics of the two sectors. As a result, apparel remains under-prioritized in both industrial and trade policymaking.

Interviews consistently revealed that Pakistan's policy environment lacks clarity and direction. On one hand, there are efforts aimed at import substitution; on the other hand, there is rhetorical commitment to export-led growth. This contradiction has led to fragmented initiatives, with no overarching vision or institutional framework to guide investment, production, and global positioning of the apparel sector.

Moreover, regulatory inconsistencies and unpredictable taxation—such as the imposition of 18% sales tax on locally procured inputs but exemption on imported ones, the replacement of a 1% turnover over tax on exports to a normal tax regime —have disrupted backward linkages and discouraged local sourcing. Exporters face long refund cycles that constrain working capital and delay operations. In contrast, Bangladesh offers duty- and tax-free import of raw materials under bonded warehouse and back-to-back LC systems, with much faster refund and facilitation processes. Pakistan's complex fiscal system and inconsistent export incentives create uncertainty, reducing the appetite for long-term investment in apparel.

To move forward, Pakistan must formulate a dedicated National Apparel Policy that recognizes apparel as a standalone industry, distinct from yarn and fabric production. This policy must address the entire value chain—from design, sampling, and sourcing to production, marketing, and logistics. It should include:

- Clear strategic focus on apparel exports, with differentiated targets and support instruments from upstream textiles.

- Simplified and consistent tax regimes for apparel exporters, especially for SMEs, including fast-track refunds and harmonization of duties on local vs imported inputs.

- Incentives for design, branding, and product development, to help Pakistan move beyond basic items into higher-margin and diversified apparel segments.

- Institutionalized public–private coordination, ensuring that apparel manufacturers, brands, and associations are actively involved in the policy design and monitoring process.

- Support for integration into global supply chains, including compliance facilitation, trade diplomacy, and EPZ-type support infrastructure.

Drawing from Bangladesh's experience, this policy must not be a top-down bureaucratic exercise. Instead, it should reflect the realities of the market, the needs of exporters, and the constraints faced by manufacturers. Many Pakistani exporters have argued that Bangladesh's success lies in the close integration of the RMG sector into policy decision-making, where key government posts are held by industry professionals. This is a model Pakistan must emulate—placing practitioners at the heart of strategy, rather than relying solely on civil servants disconnected from operational realities.

Only through a unified and forward-looking apparel policy can Pakistan reposition itself in global value chains, attract foreign buyers, and compete meaningfully with regional rivals.

8.3 Prioritize Skill Development and Labor Efficiency

The chronic underperformance of Pakistan's apparel labor force in terms of productivity and efficiency is one of the key factors. While Pakistan has a sizable labor pool, it remains largely under-skilled, especially in comparison to Bangladesh, where decades of targeted human capital investment—particularly for women—has transformed the Ready-Made Garments (RMG) sector into a global force.

Bangladesh's early partnership with Korea to train young workers and establish core production units became a foundation for long-term productivity gains. This initial cohort of trained workers not only helped scale manufacturing operations but eventually established their own enterprises, multiplying capacity and innovation within the sector. Furthermore, Bangladesh invested heavily in continuous technical upskilling through institutions like NITTRAD and international partnerships with ILO and other training bodies. The outcome is clear: higher efficiency per worker, more output per unit of time, and improved compliance with global quality and safety standards.

In contrast, Pakistan's apparel sector still suffers from:

- Outdated production practices and manual-intensive processes.
- Minimal investment in human capital—most training, where it exists, is informal and firm-specific.
- Weak linkage between academia and industry—technical institutes operate in silos, producing graduates without market-relevant skills.
- Low female labor force participation, despite significant evidence that women are more productive in many apparel-related tasks and can be instrumental in expanding the sector's output.

Interviewees consistently emphasized that skill shortages are a binding constraint on Pakistan's apparel exports. Even within the country's existing textile universities (NTU Faisalabad, NFDI Lahore, and others), curriculum modernization and stronger industry-academia collaborations are urgently needed. While some positive coordination exists—for instance, APTMA's involvement with NTU—such partnerships remain sporadic and lack strategic scale.

To emulate Bangladesh's success, Pakistan must pursue a coordinated national effort to uplift labor productivity in apparel manufacturing. Key recommendations include:

- Revamp and align curricula in textile universities and technical institutes with industry demand, particularly in areas such as quality control, industrial engineering, merchandising, and compliance.
- Scale up vocational training centers in garment clusters (e.g., Lahore, Karachi, Sialkot), with targeted short-term courses focused on stitching, finishing, and machine operation.
- Promote female labor force participation through:
    - Gender-sensitive workplace policies,
    - Onsite childcare and transport facilities,
    - Legal protection against harassment,
    - Incentivizing factories to hire and retain women.
- Create performance-based skill certification frameworks (similar to Bangladesh's collaboration with ILO), ensuring standardization and global recognition of workforce quality.
- Launch public-private partnerships to fund and scale training programs, possibly using the export development surcharge or textile levies as dedicated financing streams.

Improving labor efficiency is not merely a question of training more workers; it is about creating an enabling ecosystem for continuous learning, workplace innovation, and gender inclusion. Without this transformation, Pakistan's apparel sector will remain trapped in low-skill, low-output operations that cannot compete globally on quality, lead times, or compliance—areas where Bangladesh continues to expand its lead.

8.4 Rationalize Energy and Taxation Policies

Despite the labor-intensive nature of apparel manufacturing—where energy costs are typically lower relative to spinning or dyeing—Pakistan's high and inconsistent utility pricing has eroded the competitiveness of its apparel sector.

Table 24: Industry electricity rates

Country	USD/KWh	PKR/KWh
Egypt	0.04	10.58
Turkey	0.06	16.43
Bangladesh	0.08	20.89
India	0.08	23.39
Vietnam	0.09	23.67
Sri Lanka	0.09	23.67
Indonesia	0.09	25.06
Malaysia	0.09	25.06
South Africa	0.11	30.06
Thailand	0.12	33.97
Nigeria	0.15	41.77
Pakistan	0.16	44.56

Multiple stakeholders pointed out that Pakistan's electricity tariffs for industrial consumers remain significantly higher than regional competitors. While electricity in Bangladesh costs approximately $0.09 per kWh, Pakistan's rates fluctuate between $0.11–$0.13 per kWh, which includes various surcharges, cross-subsidies, and inefficiencies in transmission and distribution. This disparity is particularly frustrating given that apparel production does not require high energy input, and yet it is penalized due to cross-subsidization of residential and other sectors.

A significant issue raised in interviews is the government's reversal of the regionally competitive energy tariff regime, which had provided five export-oriented sectors—including apparel—with energy at reduced rates. This policy, viewed not as a subsidy but as a way to remove existing market distortions, was abruptly withdrawn in 2023. It was replaced by complex energy pricing structures, including Rs. 3,500+ per MMBTU gas rates and a grid transition levy (Rs. 791/MMBTU), pushing costs even higher. These policies, designed to shift industries back to grid power from captive gas generation, were widely criticized as ill-timed and disconnected from export realities.

In Bangladesh, by contrast, 80% of apparel units run on gas-fired captive generation, benefitting from long-standing incentives dating back to the 1990s. Their gas prices range from $6 to $9/MMBTU, allowing consistent and affordable energy access. Pakistani exporters emphasized that without competitive input costs, even the most efficient firms are rendered unprofitable.

In the taxation domain, interviewees pointed to a damaging shift in recent years from a fixed, low tax structure (1% final tax plus 0.25% export development surcharge) to a minimum 2.25% tax on export turnover—applied regardless of profit margins. This shift penalizes low-margin exporters and discourages formalization and reinvestment. Firms that operate on slim profits often face effective tax rates that exceed their earnings, particularly when refunds are delayed for months. This uncertainty affects not only liquidity but also access to working capital and willingness to scale operations.

Moreover, the 18% sales tax on local inputs for firms operating under the Export Facilitation Scheme (EFS) further exacerbates the cost structure. While theoretically refundable, in practice these refunds take 6–10 months or more—disrupting cash flow, especially for small and mid-sized exporters. In contrast, Bangladesh allows duty-free and tax-free import of raw materials under bonded warehouse and back-to-back LC systems, significantly easing the input cost burden and improving production planning.

To address these deep-rooted structural constraints, Pakistan must adopt a comprehensive reform agenda focused on:

- Reinstating regionally competitive energy tariffs for export-oriented sectors, particularly for garments, which use comparatively less energy but still suffer from cross-sector distortions.
- Removing cross-subsidies in electricity and gas that unfairly burden the exporting industry to subsidize residential or fertilizer sectors.
- Ensuring uninterrupted gas and electricity supply for industrial units, especially those relying on captive power generation.
- Reverting to a simplified export tax regime, ideally restoring the 1% final tax model to incentivize documentation and reinvestment.
- Digitizing and streamlining refund mechanisms, with maximum processing times capped to improve liquidity and reduce the cost of doing business.

- Facilitating input tax credit automation through integration of GST and customs systems to remove delays and leakages.

The energy and tax regimes in Pakistan have not just failed to support apparel exporters—they have actively hindered their global competitiveness. Unless urgent reforms are undertaken, these policy distortions will continue to deter investment, discourage scaling, and push buyers toward more predictable and cost-effective sourcing destinations like Bangladesh.

8.5 Strengthen Global Marketing and Buyer Engagement

One of the most profound gaps between Pakistan and Bangladesh in the apparel sector lies in their differing degrees of integration into global retail supply chains. As interviewees consistently noted, Bangladesh has not only positioned itself as a low-cost manufacturing hub, but has also acquired critical marketing expertise and buyer engagement skills by working directly with the world's top fashion retailers.

Bangladesh's focus on finished apparel exports, rather than intermediate goods like yarn and fabric, brought it into close interaction with global brands such as H&M, Zara, Walmart, Uniqlo, and Primark. These partnerships exposed Bangladeshi firms to international standards in design, compliance, sustainability, and consumer trends. As one stakeholder observed, once Bangladeshi firms began supplying directly to billion-dollar retailers, "the actual learning started"—not just in manufacturing but in branding, product development, quality control, and customer relationship management.

In contrast, Pakistan's historical orientation toward raw and intermediate products has left its apparel exporters disconnected from the global marketing value chain. Even now, many Pakistani firms remain vendor-driven rather than brand-facing, supplying to intermediaries or wholesalers rather than engaging directly with final retailers. This has prevented them from developing key capabilities in forecasting market demand, responding to fast fashion cycles, and building brand recognition.

To close the marketing capability gap, Pakistan must take deliberate steps to develop retailer-facing capacity and improve its global visibility:

- **Attract International Retail Offices:** Offer tax and regulatory incentives for international brands to re-establish sourcing offices in Pakistan, especially within export processing zones.
- **Invest in Design and Branding:** Establish design studios and branding incubators within industrial clusters, encouraging manufacturers to move up the value chain from OEM (Original Equipment Manufacturer) to ODM (Original Design Manufacturer) and OBM (Own Brand Manufacturing).
- **Leverage Diaspora and Digital Channels:** Tap into the Pakistani diaspora in global fashion hubs and invest in digital platforms to showcase Pakistan's apparel capabilities to overseas buyers.
- **Create Apparel Trade Missions and Marketing Teams:** Empower industry associations to actively promote Pakistani apparel at trade expos, fashion weeks, and through bilateral commercial diplomacy—similar to the aggressive buyer engagement seen in Bangladesh.
- **Promote Ethical and Green Manufacturing:** Highlight Pakistan's potential in sustainable and ethical production by certifying green factories and publicizing compliance improvements through transparent reporting systems.

In short, marketing is not just about selling—it is about positioning. Bangladesh's success lies not only in cost or labor but in how it positioned itself in the minds of global retailers. If Pakistan wants to capture larger market shares, it must move beyond the commodity mindset and strategically invest in marketing intelligence, buyer trust, and brand Pakistan.

8.6 Infrastructure, Logistics, and Global Connectivity: Building Trust and Accessibility

While cost competitiveness, labor productivity, and market access remain central to apparel sector growth, physical infrastructure and ease of access for international stakeholders are equally pivotal. The comparative insights from Bangladesh's RMG sector, as discussed in the interviews, underscore the critical role of logistics, transportation, and buyer-facing accessibility in attracting and retaining global buyers. In this domain, Pakistan faces significant credibility and logistical deficits that must be addressed through targeted reforms and strategic investment.

8.6.1 Airport Accessibility and International Buyer Confidence

Interviewees repeatedly emphasized that Bangladesh is far more accessible to international buyers than Pakistan. Dhaka's airport, though modest in infrastructure, is served by flights from nearly every major regional and global destination. In contrast, Pakistan's international connectivity is highly limited and fragmented. A German buyer, for instance, must often transit through multiple Middle Eastern cities before arriving in Lahore or Karachi—wasting time, increasing costs, and creating avoidable logistical complications.

Moreover, Pakistan's visa regimes and airport experiences are intimidating for international visitors. Multiple interviews described the negative impression created when airline staff announce restrictions such as prohibiting liquor upon arrival, even to foreign nationals. Such gestures, while symbolic, signal rigidity and discomfort, making international buyers feel unwelcome. In contrast, Bangladesh, despite being culturally conservative, maintains a pragmatic and non-intrusive stance, creating an environment where buyers can operate freely and confidently.

8.6.2 Foreigners' Comfort and Perceived Security

Bangladesh has emerged as a relatively safer and more hospitable destination for international businesspeople. Interviewees recounted that foreigners are more visible and comfortable in Dhaka than in any major Pakistani city. Even during political turmoil, Bangladesh has managed to isolate security concerns from the garment hubs, maintaining investor and buyer confidence.

In contrast, Pakistan's reputation for insecurity—amplified by VIP protocols, armed escorts, and checkposts—leaves foreign buyers uneasy. The mere sight of armed guards and security convoys around business facilities, especially in Punjab, has led buyers to question the safety of doing business in the country. A prominent Pakistani businessman noted, "Customers come to Pakistan and see guards everywhere, it creates a feeling that their own lives are at risk."

This discomfort has led to the relocation of international buying offices from Pakistan to Bangladesh. What was once a Pakistan-based operation in the 1980s and 1990s is now firmly rooted in Dhaka. Rebuilding that confidence will require not only improving physical security but also changing the optics of business culture and travel experience.

8.6.3 Domestic Infrastructure and Logistics

Despite its own infrastructural challenges—such as road congestion and pollution—Bangladesh has succeeded in integrating its logistical backbone to support its RMG sector. Export Processing Zones (EPZs) in Dhaka, Chittagong, and other hubs offer plug-and-play facilities, controlled environments, and proximity to ports and international freight routes. This ecosystem reduces lead times and enhances production predictability—two qualities highly prized by international buyers.

Pakistan, by contrast, suffers from fragmented industrial zones, customs delays, and inconsistent logistics. Stakeholders frequently pointed out how transportation inefficiencies and bureaucratic bottlenecks delay shipments and increase the cost of doing business. While Bangladesh may lack extensive infrastructure, it has been strategic in aligning logistics with export priorities, something Pakistan has yet to replicate.

In summary, Bangladesh's edge is not in having perfect infrastructure but in making it accessible, efficient, and buyer-centric. Pakistan, with its strategic location and industrial potential, can gain substantially if it realigns its infrastructure priorities around global connectivity, buyer comfort, and predictable logistics.

8.7 Supply Chain and Backward Linkages

Pakistan has a strong advantage in cotton and yarn production, as it is one of the world's largest producers of cotton. The country benefits from a strong agricultural sector that supports high-quality cotton cultivation, which is a critical raw material for the textile and garment industry. Additionally, Pakistan has a well-established spinning industry, making it a significant producer and exporter of yarn. However, despite these strengths, Pakistan faces notable limitations: the lack of diversification into man-made fibers such as polyester, viscose, and other synthetic materials. As global demand for these fibers grows, particularly in the ready-made garment (RMG) sector, Pakistan's reliance on cotton limits its ability to fully capitalize on emerging market trends and meet the diverse needs of international buyers. Moreover, cotton in Pakistan is more vulnerable due to climate change and water availability. Instead of exporting raw materials and intermediate products, Pakistan should work on climate resiliant high quality cotton production and use it to strengthen its apparel sector instead of relying on the exports of raw materials and intermediate products.

Moreover, Pakistan struggles with weak backward linkages, especially in producing man-made fibers and auxiliary materials, which limits its ability to diversify and meet global demands. Additionally, inefficiencies in logistics and infrastructure often lead to delays and higher costs, hindering export competitiveness.

8.8 Diversify Product Range

Product diversification has been a cornerstone of Bangladesh's success in the RMG sector. Over the decades, Bangladesh has shifted from producing a limited range of low-value products to a diverse portfolio that caters to varying consumer needs across global markets. This diversification has allowed the country to mitigate market risks, attract a broader range of buyers, and maintain consistent export growth. Pakistan can draw valuable lessons from Bangladesh's experience to strengthen its RMG industry.

Bangladesh initially focused on low-value items such as basic T-shirts and woven shirts. Over time, it expanded its product range to include high-value categories such as:

- **Knitwear:** Items like T-shirts, jerseys, and pullovers now dominate Bangladesh's exports.
- **Outerwear:** Jackets, coats, and other cold-weather garments are now key export categories, particularly to the EU and North America.
- **Specialized Garments:** Bangladesh has ventured into products like lingerie, activewear, and technical textiles, which cater to niche markets with higher profit margins.
- **H&M and Zara's Role:** By working with Bangladeshi manufacturers, these brands introduced design and production capabilities for complex garments.
- **Value Addition:** Bangladesh transitioned from basic garment production to value-added processes like embroidery, printing, and specialized stitching, which increased profitability and competitiveness.

Product diversification helped Bangladesh in various ways, for instance, by catering to varous product categories, Bangladesh has reduced its dependence on a limited product line or market, ensuring stability during global market fluctuations. Diversified product lines have enabled Bangladesh to meet the diverse needs of international buyers, strengthening relationships and increasing order volumes. More importantly, diversification into high-value products has increased the average unit price of exports, boosting overall earnings.

Pakistan's RMG sector has traditionally focused on a narrower range of products, such as denim and home textiles, limiting its ability to compete on a broader scale. The following strategies, inspired by Bangladesh, can help Pakistan diversify its product range:

- **Expand into High-Value Categories**
  Pakistan can develop capabilities in high-demand products such as activewear, lingerie, and outerwear. These categories offer higher profit margins and growing demand in global markets.

- **Invest in Value Addition**
  Adding processes like printing, dyeing, and finishing to the production chain can enhance the appeal of Pakistan's products, similar to how Bangladesh expanded its capabilities.

- **Target Emerging Markets**
  While traditional markets like the EU and the US remain crucial, Pakistan can explore opportunities in emerging regions such as East Asia, South America, Central Asia and Africa for diversified product categories.

- **Collaborate with Global Brands**
  Partnerships with international buyers can facilitate knowledge transfer, training, and market access, enabling Pakistan to produce a broader range of high-quality products.

i. **Establish National Training Programs:**
   Set up dedicated RMG training centers to teach advanced production techniques, with a focus on key processes such as pattern-making, finishing, and quality control. Introduce factory-specific training programs to upskill existing workers and align them with modern production needs.

ii. **Promote Vocational Education:**
   Collaborate with technical and vocational education institutions to integrate RMG-specific courses. Focus on increasing female participation in training programs, given the potential to replicate Bangladesh's success with a predominantly female workforce.

iii. **Ensure Cost-Effectiveness through Productivity Gains:**
   Implement time-motion studies to identify inefficiencies in production lines. Use worker training to optimize output without significantly increasing wages, ensuring global competitiveness.

iv. **Collaborate with International Partners**
   Form partnerships with global brands to provide on-site training for workers and managers. Leverage international development programs, such as those by the ILO, to fund training initiatives.

8.9 Conclusion

The comparative analysis of Pakistan and Bangladesh's apparel sectors reveals a stark divergence in industrial vision, strategic coherence, and policy execution. Bangladesh's emergence as the world's second-largest exporter of ready-made garments (RMG) is not merely the result of labor cost advantages or external trade preferences. It is rooted in deliberate institutional innovation, consistent policy support, and an export-oriented mindset that integrates marketing, labor efficiency, and global supply chain alignment. Mechanisms such as the back-to-back letter of credit, bonded warehousing, and functional Export Processing Zones (EPZs) enabled small and medium sized firms to enter global markets with reduced friction. Bangladesh's ability to engage directly with international buyers and adapt to compliance requirements has cultivated long-term trust with leading global retailers.

In contrast, Pakistan's apparel sector remains fragmented, overly reliant on raw material exports, and constrained by outdated industrial and governance structures. Despite a strong cotton base and a vertically integrated textile value chain, Pakistan has historically prioritized intermediate goods—yarn and fabric—over value-added garments. This has not only led to lower margins but also cost the country in terms of lost branding, buyer relationships, and employment potential.

Additionally, Pakistan's energy pricing distortions, inefficient tax refund mechanisms, and uncertain policy environment continue to hamper competitiveness. The complexity of taxation, the absence of targeted incentives for apparel exporters, and unpredictable government support discourage both investment and innovation. In contrast, Bangladesh's relative policy stability, proactive trade diplomacy, and deep private sector involvement in policymaking have fostered confidence and long-term growth.

Crucially, Bangladesh has leveraged its demographic strengths by investing in female labor force participation, vocational training, and workforce safety—outcomes that have economic as well as social dividends. Its reputation as a foreigner-friendly, logistically accessible, and business-responsive destination has reinforced its attractiveness to global brands. Pakistan, on the other hand, continues to struggle with logistical bottlenecks, security perceptions, and poor international connectivity, all of which undermine the country's ability to host and retain global buyers.

Moving forward, Pakistan must undertake a fundamental realignment of its industrial policy. This involves:

- Shifting from an input-based to a value-added, export-led model centered on finished garments;
- Developing a coherent national apparel policy that distinguishes apparel from textiles;
- Encouraging market and product diversification, including synthetic fibers;
- Restoring regionally competitive energy and tax structures;
- Promoting female employment and labor skill development in collaboration with industry;
- Enhancing infrastructure and global buyer accessibility, especially at airports and export zones;
- And investing in marketing capacity to understand and compete in global retail networks.

Pakistan does not lack resources or entrepreneurial potential—it lacks a strategic direction and the policy coherence to scale it. By internalizing Bangladesh's lessons—not just in policy content but also in institutional execution—Pakistan can reposition its apparel sector as a globally competitive, inclusive, and resilient industry. The window of opportunity still exists, but it requires bold decisions, informed by evidence and driven by private-sector partnership.

Chapter 9

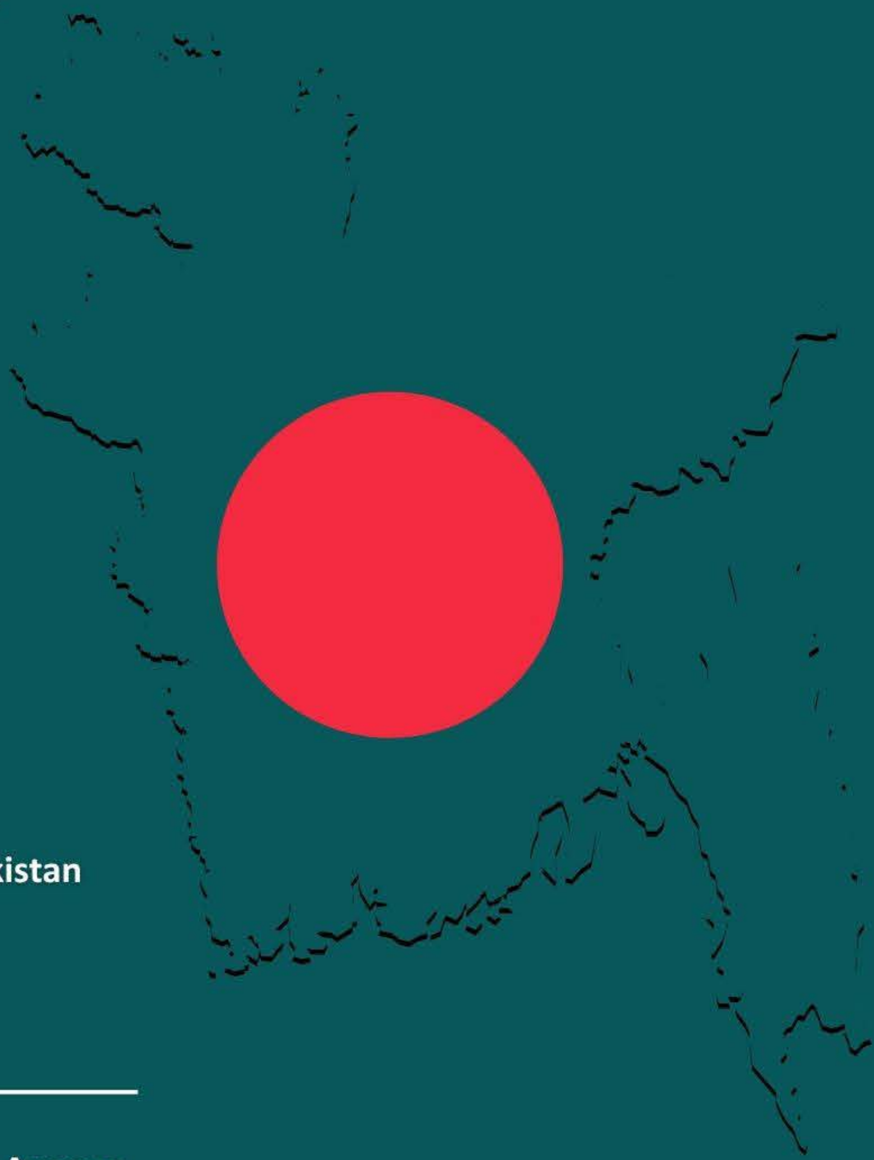
References

Chapter 9

References

- https://lightcastlepartners.com/insights/2023/07/4ir-in-the-apparel-industry/#:~:text=Team%20Group%2C%20boasting%20a%20LEED,a%20sustainable%20and%20prosperous%20future
- https://www.textiletoday.com.bd/the-40-year-historical-journey-of-vertical-integration-in-bangladeshs-garment-manufacturing
- https://www.bgmea.com.bd/page/BGMEA_and_SEIP_sign_contract_on_skill_development_for_RMG_sector
- https://thefinancialexpress.com.bd/special-issues/rmg-textile/enterprise-based-training-the-need-of-the-hour-of-rmg-industry-1506539648
- https://bdcgtoronto.ca/wp-content/uploads/2021/09/Bangladesh-RMG-Journey-to-Excellence-2021.pdf
- https://www.mckinsey.com/industries/retail/our-insights/whats-next-for-bangladeshs-garment-industry-after-a-decade-of-growth
- https://www.eurasiareview.com/02052024-bangladeshs-strides-in-labor-rights-a-model-for-sustainable-development-oped
- https://neeca.gov.pk/Detail/ZmRiNzdiZWItMzc5Yi00MTA2LTg3ZmUtZjNiMjUxM2E3ZGMy
- https://betterwork.org/bangladesh/
- https://www.usaid.gov/bangladesh/partnership-opportunities
- https://www.ilo.org/sites/default/files/wcmsp5/groups/public/@asia/@ro-bangkok/@ilo-dhaka/documents/publication/wcms_226504.pdf
- https://ourworldindata.org/energy/country/bangladesh?country=BGD~PAK
- https://www.bgmea.com.bd/
- https://www.trademap.org/Index.aspx
- https://databank.worldbank.org/source/world-development-indicators
- https://easydata.sbp.org.pk/apex/f?p=10:1:0;
- https://www.pbs.gov.pk/content/industry
- https://www.bb.org.bd/en/index.php
- https://www.bgmea.com.bd/page/Export_Performance
- http://nsds.bbs.gov.bd/en
- https://wits.worldbank.org/

The Pakistan Business Council
FOSTERING ECONOMIC GROWTH



8th Floor, Dawood Centre,
M.T. Khan Road, Karachi, Pakistan

+ 92 21 3563 0528 - 29
+ 92 21 3563 0530

2nd Floor, 1-E (South) Jinnah Avenue,
Blue Area, Islamabad, Pakistan

+ 92 51 8444 008
+ 92 51 8444 009

www.pbc.org.pk