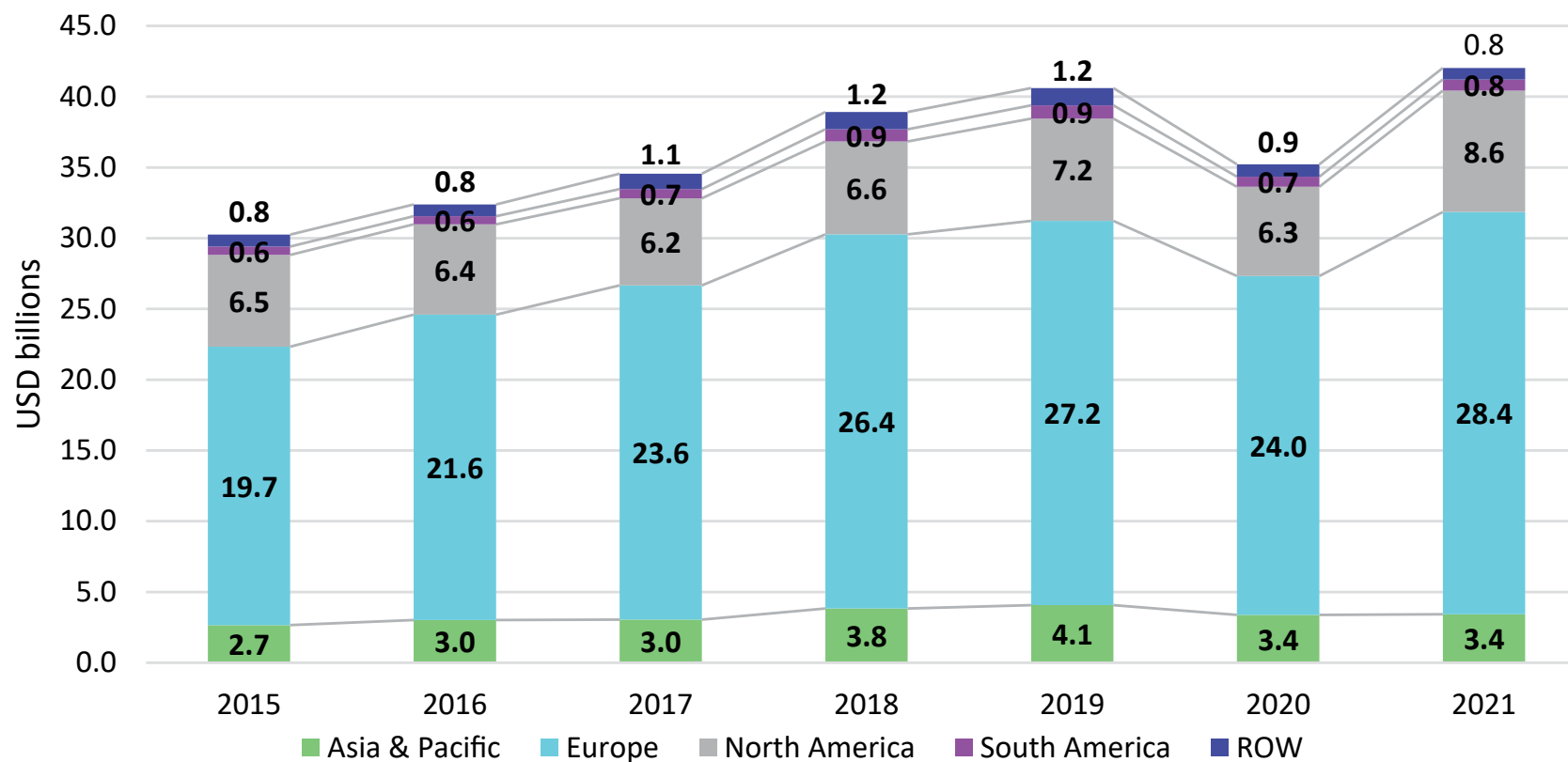TexPro
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KNOWLEDGE PAPER

Bangladesh- Leading the sustainable way

Bangladesh has been working to improve its attractiveness in the global apparel-sourcing market. During the period 2015-2021, apparel exports from Bangladesh increased substantially, from $30.3 billion in 2015 to $42.0 billion in 2021—a compound annual growth rate of 3 per cent. This makes the country the world's second-largest exporter of apparel, with an increase in its share of global apparel exports from 7 to 9 per cent.

Figure 1: Bangladesh's export of apparel over the years

	2015	2016	2017	2018	2019	2020	2021
ROW	0.8	0.8	1.1	1.2	1.2	0.9	0.8
South America	0.6	0.6	0.7	0.9	0.9	0.7	0.8
North America	6.5	6.4	6.2	6.6	7.2	6.3	8.6
Europe	19.7	21.6	23.6	26.4	27.2	24.0	28.4
Asia & Pacific	2.7	3.0	3.0	3.8	4.1	3.4	3.4

Legend: Asia & Pacific, Europe, North America, South America, ROW

USD billions

Bangladesh will be promoted from the least developed country (LDC) category in 2026 and will need to conform to compliance requirements in the ready-made garment sector to retain its competitiveness in the global textile market. Achieving a better status in environmental and social sustainability will also help Bangladesh to gain a better bargaining position over pricing, reach the BGEA export target of 50 billion dollars for apparel products, and eventually turn it into 100 billion dollars annually by 2030.

Over the past decade, Bangladesh's textiles and apparel sector has made impressive progress in facing the challenges of growth—particularly in realizing its social responsibilities and strengthening compliance and sustainability in the textiles and apparel sector. This transformation of Bangladesh's apparel manufacturing was realized following the factory disasters of Rana Plaza and Tazreen that highlighted the problems in working conditions, led some international buyers to stop importing from Bangladesh, and incited the United States to withdraw its preferential tariff agreement. Since then, Bangladesh's garment sector has shown enormous improvement in compliance, factory and occupational safety, and transparency. Factory buildings not only have become safer, but Bangladesh also now has more green garment factories than any other country. Furthermore, more than 1,500 companies in Bangladesh are certified by the Global Organic Textile Standard, the second highest number in any country worldwide. Globally, Bangladesh presently has the highest number of LEED-certified factory buildings.

Table 1: Bangladesh's green garment factories

Sustainability Initiatives	No of Factories
LEED green garment factories	165
Platinum-rated	50
Gold-rated	101
Silver-rated	10
LEED Certified	4

Source: BGMEA

Bangladesh is one of the largest consumers of cotton in the world. It exported $8.6 billion worth of raw cotton in 2021, 62.3 percent up from $5.3 billion in 2015 (table 2). Recycling cotton waste will not only benefit the environment but will be financial gain too. According to an analysis by Global Fashion Agenda (GFA), the recycling of pure cotton waste, could reduce Bangladesh's cotton imports by 15 percent and save about half a billion dollars. The large-scale multi-stakeholder initiative, Circular Fashion Partnership (CFP), led by the GFA–aims to reduce dependency on new materials and increase the availability of recycled materials by establishing a long-term, scalable transition to a circular fashion system. The partnership

set up the infrastructure for traceable post-industrial textile waste recycling in Bangladesh with a target of a 15 percent reduction in carbon, water footprint, and waste-to-landfill, and a 20 percent increase in 100 percent recycled material clothing products among participating brands. This will be a key factor in contributing to Bangladesh's national priority of creating an inclusive circular fashion system that generates employment and safeguard the environment.

Table 2: Bangladesh's import of cotton fibre (2015-2021)

Year	Cotton Fibre Imports In USD Bn
2015	5.3
2016	5.5
2017	6.3
2018	7.4
2019	6.5
2020	5.3
2021	8.6

Source: UN Comtrade

Meanwhile, the leading recycled cotton fibre producer, Recover™, has announced the official opening of its new facility in Bangladesh, to make the fashion industry circular. Located in Dhaka, the new manufacturing hub is an integral part of the company's strategy for growth and scalability with its recent partnership with STORY3 Capital, a leading alternative investment manager. This new facility will help to support the surging global demand for sustainable fibres and circularity in the textile and fashion industry. They have planned to recycle 60,000 tonnes of fibre by the end of 2023, which will produce about 150 million units of the final product.

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) has been engaging with major development partners such as the World Bank Group, GIZ, and the Dutch Government in areas of cleaner production, energy-saving, and water management, among others. BGMEA signed the UN Fashion Industry Charter for Climate Action, an initiative of UNFCCC, to commit to the goal of reducing 30 per cent of GHG emissions by 2030. It also partnered with Water Resources Group 2030—a public, private, and civil society partnership of the World Bank, and is closely engaged in the journey of transforming the policy map of water resources management.

Companies in Bangladesh are also taking initiatives and joining the programme to keep themselves competitive in the global market, also considering the new regulations that are emerging globally, particularly in the European Union. For instance, DBL Group, a leading supplier to H&M, invested $80,000 to upgrade equipment like boilers and dyeing and rinsing machines, as well as implemented simple fixes like insulating steam pipes and fixing leaks, to cut its water usage by half. Before DBL used 120 litres of water to produce a kilogram of cloth but now it

only uses 60 litres. With water consumption levels decreasing, the quantity of dyes and chemicals used in production also diminishes. DBL joined an International Finance Corporation (IFC) project about ten years ago to reduce its Greenhouse Gas (GHG) emissions and fight the country's rising energy costs. The project, called Partnership for Cleaner Textile (PaCT), is a joint effort of brands and factories that focus on responsible consumption and production, and technical audits. Another leading textile manufacturing company, Envoy Textiles Limited (ETL) is installing energy-efficient spinning equipment, that is expected to save up to 66 per cent in energy use. ETL is also working with the Asian Development Bank to implement gender equality measures including increased women's participation in the company's management and provision of career development training for women. Top buyers and Better Work partners have also joined the pledge of reducing their GHG emissions in Bangladesh, either by joining PaCT or by directly setting up targets with their partners. One of those is H&M, the world's second-biggest fashion retailer. The group has some 200 suppliers in Bangladesh, employing half a million workers. It plans to reduce its GHG emissions by 56 per cent by 2030 and become a climate-positive company by 2040.

IFC also established a Dialogue Platform in Bangladesh to discuss environmental sustainability issues with the government, employer associations, factories, and brand representatives. These roundtables translate into policy papers that are later discussed within the prime minister's cabinet. The platform enables stakeholders to successfully advocate for the establishment of a 200-million-dollar green transformation fund with Bangladesh Bank to help the industry invest in water and energy-efficient technology.

China is a dominant exporter of textile and apparel, and Bangladesh majorly relies on its raw material imports from it. This is highly affecting the exports of Bangladesh to some major European markets such as the United Kingdom and France. Sourcing of raw materials should be done responsibly as ensuring environmental and social sustainability while sourcing raw materials not only creates trade opportunities but also reduces the cost of production.

Infrastructure remains one of the biggest issues in the textile sector in Bangladesh. Bangladesh will need to improve its transportation, electricity, and digital infrastructure for its garment sector to thrive in the next years. To remain competitive in the global market, Bangladesh's government and suppliers are required to ramp up R&D and innovation by investing in upskilling, vertical integration, and pursue sustainability by focusing on transparency, circularity, innovative fibres, and operational advancements.

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