



Weaving the Future of Bangladesh's Apparel


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SURVEY BACKGROUND

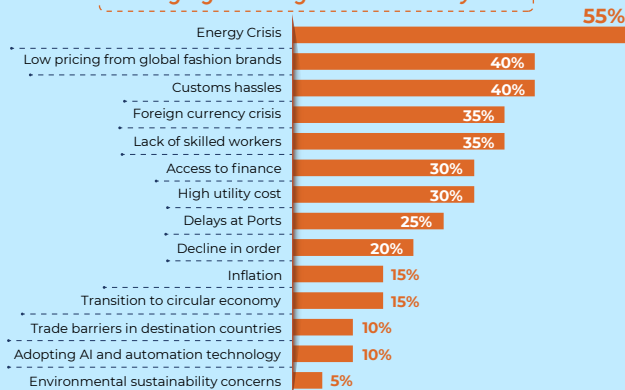
For the fourth issue of Economic Intelligence Bangladesh, The Business Standard in collaboration with DataSense conducted a survey of the leaders of the readymade garments (RMG) sector to assess Bangladeshi enterprises' readiness for toughened global competition after the LDC graduation expected in November 2026.

Carried out in June 2024, the survey brings together the perspective of **20 leading RMG Enterprises** collectively employing around **250,000 workers**, about half of which are female.

CHALLENGES AHEAD



Share of enterprises that anticipate these as emerging challenges for RMG in 3 years



Energy Crisis is identified as the biggest hurdle ahead for business

55%

of surveyed RMG enterprises report **Energy Crisis** will be the major challenge to overcome in 3 years

While utility costs are expected to ease, **low pricing from global fashion brands compared to competitors** is believed to be an upcoming obstacle prior to the LDC graduation.

CHALLENGES NOW



Share of enterprises that identified the following as current hinderances to their growth and competitiveness



Customs hassles & high utility costs hindering growth

60%

of surveyed enterprises report that **Customs Hassles** is the leading factor causing detriments to current business endeavours.

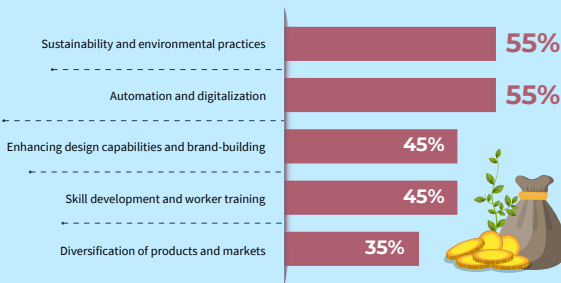
Moreover, half of the respondents also blame **high prices of gas, electricity and water** for added financial woes.

Notably, **adopting AI and automation technology**, as well as addressing **environmental sustainability concerns**, rank lower among the challenges faced by business leaders in both the short and long term.

CHANGING PREFERENCES, GLOBAL ISSUES AND GOVERNMENT SUPPORT



Share of enterprises that are investing in the following areas



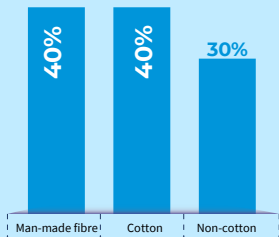
Green Innovation & Tech Advancement

55%

of surveyed enterprises are currently investing or planning to invest in **sustainability, environmental practices, and automation and digitalization** in order to stay competitive in the market.

For local manufacturers, **diversification of products and markets** is a lower priority compared to the greater emphasis on brand-building and up-skilling of workers.

Share of enterprises that are planning to prioritise the following raw materials



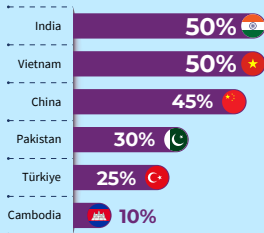
Prioritising raw materials

40%

of surveyed enterprises plan to place equal emphasis on both **man-made fibre** and **cotton** as raw materials, keeping multiple avenues open for business.

A lesser weight is designated to **non-cotton** materials such as wool, silk and linen in the near future.

Share of enterprises that view the following countries as major competitors



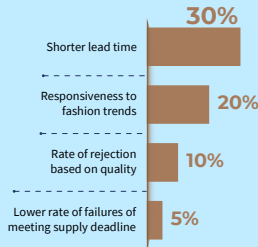
Biggest threats in terms of competition

50%

of surveyed enterprises believe **Vietnam** and **India** are our biggest competitors.

Local RMG business leaders are less worried about the advances and strides made recently by **Türkiye** and **Cambodia**.

Their strengths, our challenges?



Which factors keep competitors ahead?

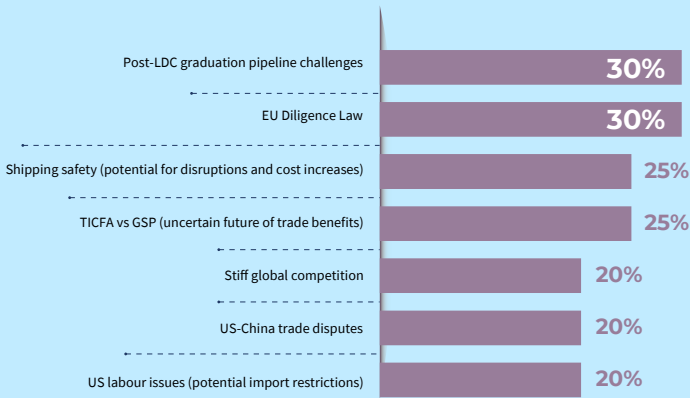
30%

of surveyed enterprises believe that a **shorter lead time** keeps the RMG sector in Bangladesh behind major competitors.

Local RMG leaders also credit the competitors' success to their **better** responsiveness to the latest fashion trends.



Share of enterprises that think the following global concerns will affect their business



LDC graduation brings new concerns

30%

of surveyed enterprises believe that the upcoming **LDC graduation of Bangladesh** poses concerns for their enterprises, as the **EU Diligence Law** has already seen many factories switching to green practices.

Local business leaders don't think the **US-China trade disputes** and **US labour issues** are big concerns.

Share of enterprises that think the following government support would be the most beneficial for RMG's future success



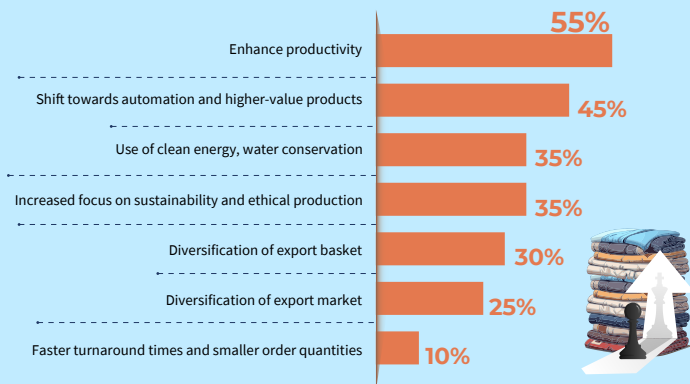
How can the govt help the industry to stay competitive post-LDC?

60%

of surveyed enterprises report that **tax breaks and subsidies for technology adoption** would be the best supports for moving forward.

In tune with the most emphasised current challenge of the industry (customs hassles), **port and logistics** efficiency are also highly sought after by local business leaders to reduce their shipment costs.

RMG industry's strategic choices for post-LDC Bangladesh



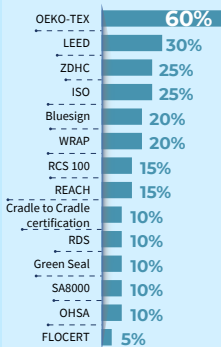
Enhanced productivity the key to future success

55%

of surveyed enterprises have plans to increase productivity to keep up with the dynamic **post-LDC market landscape** with almost half (45%) to also prioritise **shifting towards automation and higher-value products**

Again, local business leaders appear to place less emphasis on diversifying product baskets or export destinations.

Certifications enterprises think are important to be globally competitive in near future

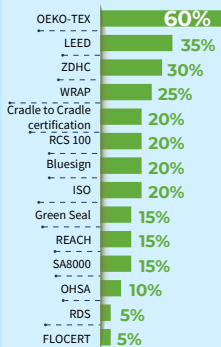


As of June 2024, 220 RMG factories of the country have achieved the recognition of the LEED certification.

Of those, 84 have achieved the highest, platinum rating, 122 have earned gold, 10 silver and 4 are certified, as reported by the BGMEA.

Most of the surveyed enterprises reported having the **OEKO-TEX** certification (that sets the international benchmark for textile safety from yarn to finished product), which they have also credit the most importance to in terms of global competitiveness.

Certification enterprises currently have



Share of companies that think adoption of new technology may result in job losses



STRONGLY
AGREE
10%

DON'T
KNOW
5%

SOMEWHAT
AGREE
30%

DISAGREE
55%

Majority believes tech innovations won't
replace labour needs

55%

of surveyed enterprises **do not agree that adoption of new technology will result in job losses**. However, 30% of respondents are skeptical about how market dynamics will shift once automation and AI adoption reach new heights.