

Green apparel factories bring no cheer to owners

Buyers unwilling to pay premium prices for the eco-friendly initiative, industry insiders say

REENVET ULLAH MIRDHA

Although Bangladesh is the global leader in terms of green garment factories, international retailers and brands do not want to pay any premium or extra cost to purchase products manufactured in these units.

Following the collapse of the Rana Plaza building in April 2013, international communities raised their concerns over the garment sector's compliance with global standards.

As a result, local apparel producers took the extra ordinary initiative to construct green factories, improve workplace safety and protect the environment from industrial pollution.

Entrepreneurs have to spend 30 per cent more for constructing green factories than the conventional ones.

However, buyers do not pay any extra cost for products from the green factories even though the certified units save just 40 per cent on energy and water owing to a more efficient design than traditional units.

The country's apparel manufacturers and exporters have also spent nearly \$3 billion to improve the fire, structural and electrical safety at their factories as recommended by Accord and Alliance, two defunct international garment factory inspection agencies.

However, the prices for garment items remain low, or in some cases even dipped, according to some recent studies.

Bangladesh's garment sector currently has about 34 platinum rated Leadership in Energy and Environmental Design (LEED) green garment factories, certified by the US Green Building Council (USGBC), according to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA).

This is the highest number of platinum rated LEED garment factories in the world.

Besides, nine of the top 10 green garment factories in the world are from Bangladesh. Some 27 green manufacturing units jointly hold various positions in the top 10 green factories worldwide.

Bangladeshi factories are tied for all positions other than the top spot, according to Mohiuddin Rubel, member of the advisory board to the chief executive officer (CEO) of the USGBC.

Among all USGBC certified LEED garment

AT A GLANCE

- Bangladesh has **34** platinum-rated green garment factories, **79** gold standard and **10** silver standard units
- More than **500** factories are waiting for green certification from the US GBC
- Their construction cost is **30pc** higher than traditional factories
- These units can save **40pc** energy
- Buyers don't pay extra prices for green initiative
- So far, local garment makers spent **\$3b** for factory remediation

factories, some 79 are gold standard, 10 are rated silver and two are just certified, said Rubel, who is also a BGMEA director.

More than 500 local garment factories are in the process of obtaining LEED certification from the USGBC, he added.

"They (the buyers) don't pay a single cent extra for green factory products," said KM Rezaul Hasanat, chairman and CEO of Viyellatex Group.

The leading garment exporter operates two state-of-the-art green garment factories in Gazipur.

Bangladesh does not have carbon emissions.

"So, the buyers should focus on improving the overall environment as Bangladeshi manufacturers pollute very, very less," he added.

Fazlul Hoque, managing director of the Narayanganj-based Plummy Fashions, another green garment factory, also said that buyers are not mentally prepared to pay premium prices to suppliers of green garments.

"The buyers do not pay even a single penny extra for our green initiative. Sometimes we have to negotiate with them for premium prices but not as a green garment factory."



A state-of-the-art green garment factory in Gazipur. Entrepreneurs have to spend 30 per cent more for constructing these factories than the conventional ones.

PHOTO: STAR/FILE

"It is ironic that we do not get premium prices from our buyers despite making our factory buildings environmental compliant with global standards," Hoque added.

However, there are some benefits to being a green factory. For instance, international buyers feel more confident about working with green units and so, there is a continuous flow of work orders.

About 99.9 per cent of all buyers do not pay a premium or extra price for products made by green producers, said BGMEA President Rubana Huq.

It is not required by the buyer to ensure compliance but it is a step towards sustainability for the factory.

However, there is no mechanism in purchasing that require buyers to pay premiums for a company's sustainability practices, Huq told The Daily Star via WhatsApp.

She also said since most corporate entities pledge to maintain compliance with various global platforms, such as the Water Stewardship Council, Environmental Stewardship Council and Race to Zero, the industry needs to have some mechanism in the purchasing system that provides incentives for factories that go beyond mere compliance.

This will ultimately help the brand achieve its strategic sustainability goals as well.

A green factory needs 20-30 per cent more capital expenditure than conventional

factories but that is for the long-term, Huq added.

Most green garment factory owners that spoke with The Daily Star in this regard echoed the same, stating that international buyers are not ready to pay extra prices for green initiatives.

There is a sharp disconnect between sustainability and business as far as purchasing practices are concerned, said USGBC's Rubel.

"So, if we can make a purchasing system that allows brands to provide premium prices for products made in green factories, that will enhance the number and business that engage in green activities," he added.



Watermelon of a Taiwanese Golden Crown variety cultivated in Mohammadpur village under Jhenidah sadar upazila. Getting his inspiration from YouTube, farmer Tasnim Alam Tuhin invested Tk 90,000 for seeds, fertiliser, labour, fence and bamboo platforms on 60 decimals of land starting mid-August. After 58 days, he got his harvest of 125 maunds, selling it at Tk 1,900 on an average per maund to attain a profit of Tk 1.3 lakh.

AZIBOR RAHMAN

Govt plans incentives for synchronised cultivation

SOHEL PARVEZ

The government plans to provide incentives to encourage community cultivation so that farmers plant their crops in a synchronised manner and ensure simultaneous harvests.

"The idea is to improve crop productivity through mechanised tilling, transplantation and harvesting at the same time," said Md Shahjahan Kabir, director-general of the Bangladesh Rice Research Institute.

Currently, due to individual land ownership, farmers choose the types of crops and fix planting and harvesting times on their own. As a result, there are vast differences in crop variety between two plots located side by side.

This fragmented cultivation practice acts as a barrier to fully mechanising farming, which is needed to increase crop yields and reduce the cost of production for farmers.

"It becomes difficult to move farm machinery from one plot to another because of the existing cultivation practice," said Kabir.

In mid-October, the agriculture ministry decided to give incentives so that farmers feel encouraged to join hands to transplant and harvest crops in a synchronised manner.

The decision came after the government successfully implemented synchronised cultivation in 12 upazilas in 12 districts, according to Kabir.

In the next Boro season, the agriculture ministry will take the initiative to embrace synchronised cultivation in at least one upazila in each district, said Md Mahbubul Islam, additional secretary of the agriculture ministry.

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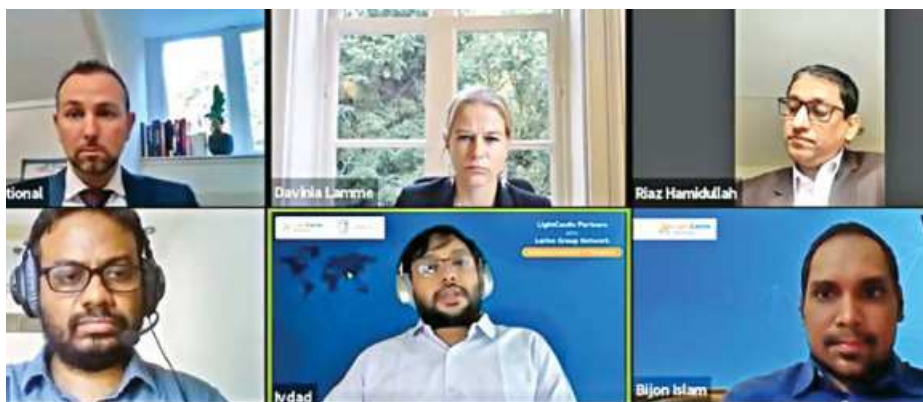
Bangladesh needs to give utmost importance to attracting foreign investments to foster economic growth and create more jobs, experts said yesterday.

The mobilisation of foreign investment would also help the country tackle the potential fallout of the fourth industrial revolution during the pandemic, they said.

Their remarks came at an event marking a partnership between LightCastle Partners, a Dhaka-based consultancy, and the Netherlands-based Larive International.

The partnership was formally announced at a webinar attended by the senior representatives from the development, private and public sectors.

Larive International is a network of



Experts attend a webinar yesterday when they discussed the importance of attracting more foreign investment to accelerate economic growth and create jobs.

COLLECTED

independent business development advisory firms in 24 high-growth markets throughout Asia, Central and Eastern Europe, Turkey and Sub-Saharan Africa.

Under the agreement, LightCastle will become the exclusive member of the Larive Group in Bangladesh, according to a press release.

Both the organisations will jointly provide professional services like business intelligence, market entry and growth strategy, M&A advisory and post-investment services for interested investors in Bangladesh.

"As Bangladesh economy surges, within global supply and value chains, the Dutch business sees significant scope to partner with Bangladeshi peers," said M Riaz Hamidullah, Bangladesh's ambassador to the Netherlands.

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India keen to establish greater economic ties with Bangladesh

Newly appointed envoy says

STAR BUSINESS REPORT

India wants to establish greater economic ties with Bangladesh by giving local exporters better access to Indian markets, newly appointed Indian High Commissioner Vikram K Doraiswami said yesterday.

Bangladeshi food and non-food items can utilise the huge opportunity to enter Indian markets by receiving standard certifications from the Indian authorities concerned.

Many foreign companies have been exporting food and non-food items to Indian markets by fulfilling the conditions of food standards, the Indian envoy said.

In such cases, Bangladeshi companies also have the opportunity to explore and exploit the Indian market, he added.

Doraiswami made these comments during a meeting with Bangladesh's Industries Minister Nurul Majid Mahmud Humayun at his office in Dhaka.

Doraiswami also offered Bangladesh to make the most of the sizeable expertise of Indian firms for the development of Bangladesh's automobile industry, light engineering sector, agri-machinery and active pharmaceutical ingredient sector.

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