# Rags to riches...what next?

**Ghulam Rahman** examines what we've achieved and what the future may hold for our most spectacular growth industry



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THERE has possibly been nothing more spectacular in Bangladesh than the growth of the readymade garment export. From a base of $600 million in 1990, exports of RMG reached $7.9 billion in 200506.

The RMG sector has created job opportunities for millions. Along with the accessories sector, it now provides direct employment for over 2 million workers, of whom 80 percent are women. A further, 8-10 million more Bangladeshis depend indirectly on the RMG sector for their livelihood. It has also emerged as the main source for the foreign exchange required to finance import of capital goods, industrial raw materials and consumer products.

Nevertheless, the RMG industry in Bangladesh has developed in an environment of restrictions imposed by developed countries, particularly the US and the EU, on import of textiles and apparels from major developing countries such as South Korea, Taiwan, China, the Philippines, and our South Asian neighbours.

**In the beginning**

In the late 1970s and early 1980s, "buying agents" of US and European retailers, in view of quota restrictions on imports from traditional textile and apparel exporting countries, started visiting Bangladesh. A short gestation period in setting up garment factories coupled with "free trade enclaves" created by the government through the introduction of "bonded warehouses" and "back-to-back LC" facilities stimulated the growth of the RMG sector. Such initiatives insulated the sector from the anti-export bias of the country's trade regime and also spared it the high financing cost of fabrics and accessories import.

Hundreds of factories rapidly dotted Dhaka and Chittagong,