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Growth tied to RMG



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Even for a local outfitter, making a dress is not just about taking measurements or cutting and stitching fabric. There are a lot of nitty-gritty elements that are needed to deliver a

finished garment.

Large-scale manufacturers spend 50 percent on fabric and 18 percent on accessories to make a finished garment. In the readymade garments sector, the items other than fabrics are called 'accessories'.

Accessories are as important as the fabric itself, manufacturers say. The garment accessories trade, therefore, has flourished worldwide along with the RMG sector, insiders say.

In Bangladesh, the garments sector grew rapidly over the last several years for a lower cost of production, but growth of the accessories industry crystallised later.

In the beginning, Bangladesh used to import almost all kinds of garment accessories. But as local companies thrived, dependency on imported accessories gradually subsided.

The country initially imported accessories from countries like China, Hong Kong, Singapore, Japan and India, spending a large portion of profits.

But now, the country is almost self-sufficient in garment accessory manufacturing, as the ancillary industries blossomed and flourished here, driven by high demand.

Zippers, buttons, labels, hooks, hangers, elastic bands, thread, backboards, butterfly pins, clips, collar stays, collarbones and cartons are the major garment accessories produced in Bangladesh.

The use of high-end accessories also adds value to the garment. As a

result, large manufacturers and exporters try to use sophisticated accessories to pull in better prices from international buyers.

The import of accessories declined sharply as many local companies have developed the capacity to supply, said Shamim Iqbal, chairman of KDS Accessories, a leading accessory maker.

The accessory market is dominated by multinational companies operating in Bangladesh, because in majority cases, garment buyers prefer accessories from them over the locally available items, Iqbal said.

"The buyers prefer accessories from the multinational companies on the grounds of quality, although local companies have also stepped up to meet quality standards," he adds.

The local accessories suppliers, however, dominate the low-end RMG segment, because the low-end manufacturers cannot pay big bucks for almost the same quality of accessories just because they carry the names of global giants, he says.

KDS Accessories, a Chittagong based factory, has set a target to export accessories worth \$36 million in 2011, which was \$24 million for

2010. He says the group expanded its production capacity recently to meet high demand.

Many small and medium accessory industries have grown here over the years, particularly to meet high demand from low-end garment makers, said Shafiullah Chowdhury, an adviser to Bangladesh Corrugated Carton Accessories Manufacturers and Exporters Association.

Two important industries -- accessories and backward linkage -- have flourished in Bangladesh to support the garments sector, he says.

"The contribution of accessories exports will be to the tune of \$2 billion of the \$16 billion garment export figures," he says.

Local accessory makers are going for fully automated production systems from semi-automation modes to meet demand from international buyers, he says.

In January, the association set up a laboratory to test accessories at its office, said Chowdhury. Earlier, exporters had to have various accessories tested from Hong Kong, but now they can have it done in Bangladesh, he adds.

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From basic to upscale

Head of global accessory maker says Bangladesh could explore Japanese apparel market

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Bangladesh should shift focus to heavy-duty or high-end garment items from basic products, to be more globally competitive in apparels, said a leading Japanese garment accessory maker.

"If the country does not shift focus to high-end garment items, other countries may take the lead on competition for price comparison," says Hiroaki Nakamura, the outgoing president and chief executive of YKK Bangladesh Ltd.

Bangladesh is a lucrative place for the accessory business for the growing garments sector, he says.

Like YKK, many local factories have invested in the accessories business in Bangladesh. As a result, nearly 80 percent of the garment accessories in demand are available in the country at present, he says.

"Still, Bangladesh imports some rare and sophisticated accessories from other countries to meet demand," Nakamura told The

Daily Star recently in an interview.

YKK began production in its plant at the Dhaka Export Processing Zone (DEPZ) in 2002 and the company was registered in 2000 with Board of Investment (BoI).

Nakamura says YKK is going to expand operations in Bangladesh as demand of garment accessories is increasing with high growth in garment exports.

He says the company has already invested \$40 million on the new plant inside DEPZ to produce zippers, buttons and hooks.

Construction of the new plant began in January this year, while production there will start in November, he says. A total of 1,000 workers are employed at YKK in Bangladesh, he adds.

"The company's turnover stood at \$57 million in 2010, which was only \$5 million in 2002."

"So, you can see the growth of business in Bangladesh. It is very high," Nakamura says.

YKK is the largest single gar-

Like YKK, many local factories have invested in the accessories business in Bangladesh. As a result, nearly 80 percent of the garment accessories in demand are now available: Hiroaki Nakamura



ment accessory maker worldwide. The group has operations in 71 countries," he adds.

The company's total turnover in Bangladesh will reach \$70 million in 2011, if production starts in November of this year, he says.

On Japanese investment in Bangladesh and apparel exports to Japan, he says the arrival of Japanese investors in Bangladesh has increased over the last few years for the Japan government's adaptation of the China plus one

investment policy in 2008.

Currently, Japanese investors are shifting their investment focus in countries like Bangladesh, Cambodia, Vietnam and other nearby countries to adopt the policy.

"We are not confined to China now," he says. Nakamura says local manufacturers could study the Japanese garments market over the last three years, because exports from Bangladesh to Japan are soaring. The local exporters could feel the pulse of the Japanese customers, he says.

Japanese customers are quality conscious, and as a result, many manufacturers do not want to tie up with the Japanese buyers, he adds.

The Japanese government was scheduled to relax the rules of origin (RoO) for knitwear products for the least developed countries (LDCs) from April 1, but it might not take place for the devastating tsunami and earthquake this month, he adds.

If the government relaxes the RoO, the export of knitwear products from Bangladesh will increase significantly as the country is a member of the LDCs.

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