

Ready Made



Garments

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On a path to cross \$30b export mark

REFAYET ULLAH MIRDHA

APPAREL makers are eyeing to fulfil a target to export garments worth \$30 billion within the next three years, against a backdrop of current trends. It has been reported in different newspapers too that the total export of garments would cross the \$30 billion mark in the next three years.

The country achieved more than 40 percent growth in apparel exports in the July-March period this fiscal year, against the same time last year.

Manufacturers hope to achieve the target in the next three years, as a significant number of orders are shifting to Bangladesh from China, the largest apparel supplying country worldwide.

The flow of orders from international buyers is also increasing rapidly as production costs in China have climbed steeply.

In addition, work orders from international buyers are also rising as the country now enjoys a zero-duty benefit from the EU.

The Eurozone relaxed the rules of origin (RoO) from January this year for the least developed countries (LDCs). Being a member of the LDCs, Bangladesh enjoys duty-free access to some major export destinations, like Canada and Japan.

Bangladesh also enjoys a duty-free quota in garment exports to some countries like China, South Korea and India.

While the prospect of achieving a target of \$30 billion is bright, it is also time for a question of capacity to arise. Will the country be able to meet the work orders with the present workforce, utility and infrastructure?

With present capacities, the country exported knitwear products worth \$6.70 billion and woven garments worth \$6.00 billion in July-March this fiscal year.

Among other elements, manufacturers often complain about a shortage of skilled workers. At present, the sector suffers from a 25 percent shortage of skilled workers.

Moreover, the internal migration of workers from factory to factory is another problem for the sector, manufacturers complained.

Manufacturers say productivity in the garment factories is not improving because of the

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Workers pack apparel items for shipment at a garments factory in Gazipur.

low skills of the workers.

In fiscal 2009-10, manufacturers exported 465.50 million dozen garments -- 172.80 million dozen woven goods and 292.70 million dozen knitwear items, according to Export Promotion Bureau data.

At present, the total number of garment workers in the country stands at approximately 3.5 million.

Another major problem to the sector is energy. The government is trying to increase the supply of gas and power to the 4,500 woven, more than 1,700 knitwear, 1,300 spinning, weaving, finishing and sizing units in Bangladesh by rationing gas.

The supply is still inadequate, because demand is soaring on enhanced production capacities and more factory units, the apparel makers said.

Another major impediment to the success of the sector is poor mid-level management. The officials at this level play a vital role in the whole cycle of processing.

This is because they handle production, marketing, merchandising, productivity issues, designing and buyer negotiations.

Fulfilling the strict compliance issues set by the buyers is also important to achieving the target. Sometimes, buyers complain about the poor standard of compliance in the garment units.

Against all these challenges, preparedness by the government and private sector entrepreneurs is little.

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is imparting training to workers through the technical training centres, while Bangladesh Knitwear Manufacturers & Exporters Association is doing the same at a training institute in Rangpur, with a job guaranteed at the end.

But, the volume of training rendered is far too little to address the challenges. In a majority of the cases, the workers receive in-house training to cater to the work orders.

In an absence of proper manpower, the garment sector is heavily dependent on foreign technicians. Industry insiders are saying that productivity is compromised for a lack of an adequate number of technical people.

At present, the country lacks the institutes to produce a sufficient number of such technical people, with only a few graduates coming out the lone BGMEA Institute of Fashion and Technology (BIFT) mainly to fill the posts of merchandisers.

The apparel makers hire technical people from China, Hong Kong, India and the Philippines to employ them in merchandising and mechanical jobs, and in chemical and clothing testing in the factories.

Abdullah Al Mahmud, managing director of Mahin Group, said achieving the target within the next three years is definitely possible because the orders are flowing in at a higher rate.

"We have no problem with orders, but we need to address the issues of skilled workers,

power and gas," he said.

Anwar-ul-Alam Chowdhury Parvez, former president of BGMEA, said the government should improve infrastructures, like the roads and railways, to help achieve the target.

"The government should make the Chittagong Port efficient and set up more vocational training centres to create a pool of skilled labourers," Parvez said.

I doubt the ability to achieve the \$30 billion export mark in the next three years with the present strength of the workforce, although growth will take place for the orders that are coming in at an increased rate from the international buyers, said Dr Zaid Bakht, research director of Bangladesh Institute of Development Studies (BIDS).

He said many garment factories are refusing work orders for capacity constraints. "Power and energy are major impediments to the sector at present. We need to address these issues as soon as possible, as we have good growth prospect," he added.

Bakht also said the country is achieving higher export growth from the garment sector not only in volumes, but also in value because of a price hike of raw materials worldwide.

Buyers are now paying higher prices in accordance with the increased prices of raw materials. He said Bangladesh also has good prospects in the footwear sector.

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Target achievable, conditions apply

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Apparel makers in the country are optimistic that garments exports will cross the \$30 billion mark within the next three years, as overseas orders are pouring in. At the same time, they point at issues over capacity that is needed to cater to the volumes of orders within this period. The Daily Star speaks to sector leaders to find out the realities and potential.



Jahangir Alamin

Jahangir Alamin, president of Bangladesh Textile Mills Association (BTMA), said growth of apparel exports is taking place, but it might not cross the \$30 billion mark. The export of

apparel items will increase in the coming years, because the orders are flowing in from other countries. He said the country's backward linkage industries will face difficulties as the garment manufacturers are

importing fabric in huge quantities because they are enjoying the Generalised System of Preferences (GSP) facilities from the EU, even on imported fabric.



Nasir Uddin Chowdhury

Nasir Uddin Chowdhury, first vice-president of Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said achieving the target is possible, if some factors, like upgrading workers' skills, increasing port efficiency, developing infra-

structure and improving gas and power supplies, are addressed properly.

"We need to set up more training centres to produce more skilled workers. We need to build a good number of dormitories, especially for the female workers, so that they feel secured in their jobs. We need more technical people as well," Chowdhury says.

He said apparel exports are also growing because of the higher values international buyers are paying for the items.

The prices of the garment items made in Bangladesh increased as buyers are paying more to adjust with the increased prices of raw materials, he adds. "We have no problem with the orders," Chowdhury told The Daily Star yesterday, while the association's president was away.



Salim Osman

Salim Osman, president of Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), agreed with the other two leaders on the need for more skilled workers.

He operates three training centres for the workers at present. "We need more skilled workers and improvements in the supply of gas and power."

Achieving the target is possible if all those issues are addressed timely, he says.

He says currently the position of Bangladesh in knitwear exports is second worldwide, after China.

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