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REASONS BEHIND DOMINANCE



Increased use of casual wear globally



Boost in fast fashion



Competitive price

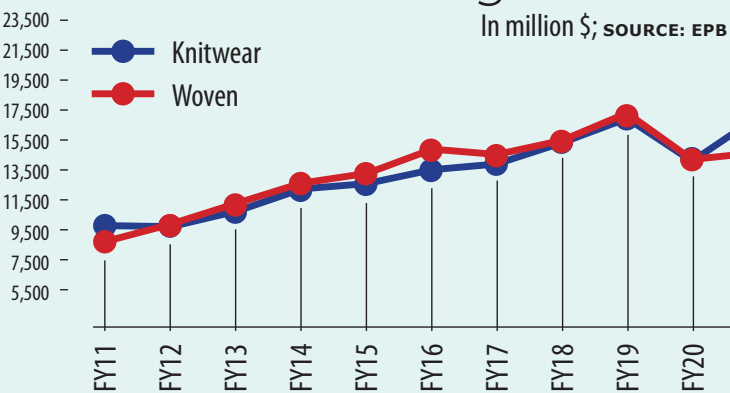


Shorter lead time as raw materials can be collected locally



Rise in demand in the US market

Annual exports of knitwear and woven garments



BY THE NUMBERS



Knitwear export in FY22 was \$23.21b



Target for FY23 set at \$25.60b



Bangladesh has more than 1,200 active knitwear factories



More than 14.5 lakh workers employed in the sector



Local spinners can supply 90pc of raw materials

Knitwear continues dominance in export

REFAYET ULLAH MIRDHA

The knitwear segment has retained its position as the country's biggest export earner in the readymade garment industry and among all the sectors of Bangladesh.

But the journey has not been smooth. In its early years, it had to navigate through a quota system and securing raw materials was not easy as imports were the only option. Now it is facing mounting challenges brought on by the coronavirus pandemic and the Russian war in Ukraine.

The knitwear segment overtook the woven sub-sector for the first time in the financial year of 2007-08 and held the pole position until 2010-11.

The woven outran the knitwear segment in 2011-12 and the dominance continued till 2019-20.

In 2020-21, knitwear outran woven and recaptured the glory. And it continued in the last fiscal year as well as it brought home \$23.21 billion, versus the woven's \$19.40 billion.

Even in July to September, the first quarter of the current financial year when the overall export earnings showed a falling trend, the knitwear segment grew 9.40 per cent year on year to \$5.64 billion because of a strong demand amid the raging war and unprecedented inflation in the eurozone and the US.

Local garment suppliers, primarily, attributed the change in fashion and style globally, to the continued success of the

knitwear sector.

Fast fashion and putting on casual dress have increased the use of knitwear items in the last one decade. Nowadays, even executives wear casual dresses at offices instead of formal ones. Knitwear like functional sportswear is used as dresses for formal events worldwide.

Fashion connoisseurs prefer knitwear items since it is comfortable and easy to wash. Moreover, product diversification has taken place within the segment.

When Covid-19 brought the entire world to a screeching halt and damaged the global supply chain severely and businesses hit rock bottom, the country's knitwear sector put on a good show, surprisingly, as Bangladesh kept supplying garment items to the world amid the raging flu.

The segment also felt some damage. The slowdown in the knitwear shipment was first noticed in March 2020 when earnings stood at a paltry \$1.05 billion. It fell further in April, to \$180.2 million.

But it rebounded in the following month as exporters fetched \$608.38 million since people were forced to spend more time indoors to avoid catching the deadly virus. The receipts sprinted to \$1.16 billion in June.

"It was surprising that the demand for knitwear items started climbing even during Covid-19 when the global supply chain came to a standstill. In fact,

knitwear export has continued to surge," said Md Fazlul Hoque, managing director of Plummy Fashions, a Narayanganj-based knitwear exporter.

"The use of knitwear items has risen as consumers spent more time at home. During their long stay indoors, western consumers mostly use T-shirts."

Historically, the knitwear sector was groomed in Bangladesh because of the quota system which started in the late 1970s and was in place until 2004.

Local garment suppliers, primarily, attributed the change in fashion and style globally, to the continued success of the knitwear sector

In the early days, knitwear manufacturers, particularly those based in Narayanganj, used to ship knitwear items as the European Union granted the facility of a quota system that was not rigorous and was less cumbersome. So, a strong market was created for local knitwear items.

In fact, Bangladesh made the most of the quota system, sowing the seed for today's gigantic knitwear industry.

The EU and other developing and developed countries later eased the Rules of Origin for knitwear items, allowing the least-developed countries such as

Bangladesh to qualify for the generalised system of preferences in the trade bloc even if imported cotton and yarn are used to ship export-oriented goods.

This prompted knitwear producers to invest a lot of money in the sector and broaden their manufacturing prowess.

Subsequently, entrepreneurs also pumped money to produce yarn and other raw materials for the knitwear sector.

Currently, nearly 90 per cent of raw materials are procured from the local market, cutting reliance on China, a major feat for the industry as it more than halved the lead time.

Even five years ago, the US was not a major market for knitwear manufacturers. "Today, the US has turned into a major export destination for us," said Hoque.

Three years ago, the export of knitwear items from his factory to the US was almost zero whereas the world's biggest economy is his main buyer now.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association, said demand for knitwear items has not fallen despite higher inflation in the eurozone and the US.

Competitive prices are a major factor in Bangladesh's success in the knitwear sector.

"The export of knitwear items has kept rising and the momentum will continue in the future as well," Hatem said.

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Labour migration may exceed pre-Covid levels
World Bank report says

REJAUL KARIM BYRON and JAMIL MAHMUD

The growing number of people from Bangladesh registering for work overseas indicates that international migration from the country may soon surpass pre-pandemic levels, according to a recent report by the World Bank.

Around 600,000 locals registered for overseas employment in the first six months of this year while there was a total of 617,000 migrants in 2021.

In the five-year leading up to Covid-19, the number of people from Bangladesh going abroad for work stood at an annual average of about 750,000.

Besides, the recovery of international migration is somewhat stronger in Bangladesh compared to that of other South Asian countries, as per the report styled "Coping with Shocks: Migration and the Road to Resilience", released last Thursday.

However, data on overseas work permits issued in the first half of 2022 shows that other than Bangladesh, the flow of migration from Pakistan may also surpass what it was in the pre-pandemic era.

Some 400,000 people from the country registered for work abroad in this year's January-June period while the number was just 240,000 in 2021, down 63 per cent compared to an annual average of about 657,000 during the five years prior to Covid-19.

Meanwhile, around 100,000 migrants from Sri Lanka had registered for overseas employment in 2021, which was more than double the number that went abroad the year before.

Around 41.2 million South Asians were living outside their country of birth just before the coronavirus pandemic began in 2019, the report shows.

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STOCKS		WEEK-ON WEEK
DSEX	CASPI	
0.87%	0.74%	
6,569.51	19,332.60	

COMMODITIES		AS OF FRIDAY
Gold	Oil	
\$1,694.85	\$93.33	
(per ounce)	(per barrel)	

ASIAN MARKETS				FRIDAY CLOSINGS
MUMBAI	TOKYO	SINGAPORE	SHANGHAI	
▼ 0.05%	▼ 0.71%	▼ 0.18%	▼ 0.55%	
58,191.29	27,116.11	3,145.81	3,024.39	

2 out of 3 lightweight plastic items mismanaged

Says expert at FBCCI-Unilever seminar

STAR BUSINESS REPORT

Two out of three lightweight plastic items used in Bangladesh end up mismanaged, mostly due to a lack of source segregation and household collection infrastructure, said an expert yesterday.

"Waste segregation at the household level, soiled plastic, the lack of knowledge and motivation for waste pickers, health and safety hazards, and not formalising the waste plastic collection industry all act as a barrier in creating a holistic ecosystem," said Ijaz Hossain.

The former engineering faculty dean of the Bangladesh University of Engineering and Technology was giving a presentation at a seminar "Enabling Policy for Sustainable Plastic Waste Management" at Sheraton Dhaka.

The Federation of Bangladesh Chambers of Commerce and Industry (FBCCI) and Unilever Bangladesh jointly



Though the government has taken up initiatives to address waste management, most remain as laws in paper and wish lists, experts say.

PHOTO: STAR/FILE

organised the event.

In Bangladesh, the use of plastics has grown tremendously in recent years in

line with rising per capita income and their affordability. The plastic industry's domestic sales amounted to around Tk

40,000 crore in 2021. More than two million people are employed in the industry, which consists of over 5,500 factories, said Hossain.

Though the government has taken up initiatives to address waste management, most remain as laws in paper and wish lists, he said.

"In order to build a sustainable ecosystem for plastic waste management, it is important to work in a multi-dimensional approach," he said.

Hossain's recommendations include developing the plastic waste collection capability and management infrastructure, enhancing plastic waste recycling capability, formalising segregation and value-addition in waste management and formally addressing waste management by municipalities.

He also urged the government to invest in technical capability development, learn from best practices and create a sustainable national policy.

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Basic digital skills sought in 9 out of 10 jobseekers

REJAUL KARIM BYRON and MAHMUDUL HASAN

Employers in Bangladesh required nine out of the last 10 jobseekers they hired in the past five years to possess at least basic digital literacy and skills, found an Asian Development Bank (ADB) and LinkedIn survey.

In other words, the requirement underwent a rise of about 90 per cent.

In comparison, this was higher than that in the relatable economies of India (79 per cent), Indonesia (67 per cent), the Philippines (64 per cent) and US (75 per cent).

The average increase of the five, including Bangladesh, was 75 per cent.

In other words, employers on an average reported that eight out of the last 10 jobseekers hired were required to possess at least basic digital literacy and skills while four out of the last 10 advanced digital skills.

About 70 per cent of all surveyed employers reported that basic and applied digital skills are now a workplace essential, highlighting the growing importance of advanced digital skills.

The survey was mentioned in a report titled "Digital Jobs and Digital Skills: A Shifting Landscape in Asia and the Pacific" prepared by Asian Development Bank (ADB) and LinkedIn.

Using LinkedIn's "Economic Graph" to analyse digital jobs, skills and qualifications and the pandemic's impact on job trends, the report gives an insight into the transformational changes to industries and emerging landscape of jobs and skills in an increasingly digital workplace.

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