GROUP PRESENTATION

THE READY-MADE GARMENT INDUSTRY

Trade Protection • Export Promotion • Global Competitiveness



MADE FOR GLOBAL MARKETS

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Why ready-made garments matter

Bangladesh illustrates how comparative advantage connects factories to global consumers.

US$38.7B
RMG export earnings
FY2025-26 (EPB)

80.6%
of merchandise exports
Bangladesh, FY2025-26

~4M
industry jobs
ILO sector estimate

RMG share of Bangladesh goods exports

FY2025-26



80.6% RMG 19.4% other goods

HOW GLOBAL VALUE CHAINS WORK



Economic concept: comparative advantage + trade specialization

Sources: EPB/BGMEA (FY2025-26); ILO Better Work

How Bangladesh fits into global value chains

Specialization connects imported materials, domestic production and international buyers.

A TYPICAL APPAREL VALUE CHAIN

INPUTS

Fabric, yarn, dyes and machinery may come from multiple countries.

ASSEMBLY

Bangladeshi factories cut, sew, finish and package garments.

GLOBAL SALES

Buyers distribute apparel across retail and online markets.

THE ECONOMIC LOGIC

Comparative advantage means lower opportunity cost, not absolute dominance in every activity.

THE UPGRADING OPPORTUNITY

Higher-value textiles, design and branding can help capture more value locally.

KEY INSIGHT **Efficient imports can strengthen - rather than weaken - a country's export industry.**

Sources: OECD Production Transformation Review; World Bank WDR 2020

Protection can help one sector - and hurt another

Tariffs change relative prices and influence where global buyers place orders.

TARIFFS ON IMPORTED INPUTS

Protect upstream textile producers

BUT imported fabric, dyes, or machinery become costlier for garment exporters unless exemptions apply.

Domestic protection ↑ → Input cost ↑

TARIFFS IN EXPORT MARKETS

Make garments less price-competitive

An import tariff in a buyer country raises landed costs and may shift orders to competing suppliers.

Foreign tariff ↑ → Buyer cost ↑

BANGLADESH CASE EU "Everything But Arms" provides duty-free, quota-free market access; transitional preferences are expected to continue until at least end-2029.

Sources: European Commission GSP & EU-Bangladesh trade

Four policy tools that strengthen exports

Successful promotion reduces trade costs while improving production capacity.

Bonded warehouses

01

Duty-free imported inputs for export production reduce working-capital and customs costs.

Export-processing zones

02

EPZ infrastructure and duty exemptions attract investment and production networks.

Market access

03

Trade preferences and predictable rules make selling abroad more attractive.

Productivity & standards

04

Skills, logistics, quality assurance and worker safety create durable advantage.

LOWER TRADE COSTS + FASTER DELIVERY + BETTER QUALITY = STRONGER EXPORT CAPABILITY

Sources: Bangladesh Customs/NBR; BEPZA; EU Commission

Compete on value - not only on low wages

Sustained advantage requires capabilities that rivals cannot easily replicate.

COST & PRODUCTIVITY

Efficient machines, energy, and material use

SPEED & RELIABILITY

Short lead times, predictable delivery

QUALITY & COMPLIANCE

Safe workplaces and verifiable standards

INNOVATION & SUSTAINABILITY

Higher-value fabrics, cleaner processes

CHALLENGES → PRIORITIES

Tariff / preference uncertainty	→ **Diversify export destinations**
Long logistics lead times	→ **Modernize ports & customs**
Reliance on basic apparel	→ **Move into higher-value products**
Buyer ESG requirements	→ **Invest in traceability & safety**

ECONOMIC IDEA: Build dynamic comparative advantage through technology, skills, and reliable market access.

Sources: OECD Bangladesh Policy Review; ILO Better Work

The next phase needs more than low costs

A resilient garment sector must manage trade-policy shifts and invest in new capabilities.

THREE RISKS		STRATEGIC RESPONSES
01	**MARKET ACCESS UNCERTAINTY** EU preferences may change after the LDC transition period.	**Prepare for new EU preference rules; negotiate better access in additional markets.**
02	**EXPORT CONCENTRATION** RMG accounts for about four-fifths of goods exports.	**Diversify into higher-value apparel, man-made fibers and additional export products.**
03	**COST & COMPLIANCE PRESSURES** Energy, logistics, labor conditions and sustainability affect buyer choices.	**Improve ports, reliable power, worker protection, skills and traceability.**

POLICY PRINCIPLE **Market access + productivity + social and environmental standards = durable competitiveness**

Sources: EU Commission GSP 2026; IMF 2026; OECD Bangladesh Review

FINAL TAKEAWAYS

The future of RMG is productive, open & responsible.

01 **Trade protection involves trade-offs**

A tariff can protect upstream industry while making exports costlier.

02 **Export promotion works through capability**

Duty-free inputs, industrial zones and infrastructure can lower trade frictions.

03 **Long-run competitiveness is earned**

Quality, speed, compliance and innovation matter beyond wages.



THANK YOU

Questions & discussion

SELECTED SOURCES EPB/BGMEA ILO Better Work EU Commission BEPZA NBR Customs OECD