European Journal of Business and Management
ISSN 2222-1905 (Paper) ISSN 2222-2839 (Online)
Vol.6, No.16, 2014
www.iiste.org

Future Panorama of Bangladesh Garments Concerning SWOT Scrutiny

Saiful Islam Tanvir [1*], Noorul Muqaddim [2] and Arafat Hossain [3]
[1] Lecturer and Adviser, Department of Apparel Manufacturing Management and Technology
[2] Lecturer and Adviser, Department of Apparel Manufacturing Management and Technology
[3] Lecturer, Department of Fashion Design and Technology
Shanto-Mariam University of Creative Technology, Bangladesh
[*]Corresponding E-mail: tanvir.saiful@gmail.com

Abstract

Bangladesh faces significant constraints in this regard of global apparel sector and hence it is not possible to establish strong backward linkages overnight. Therefore, to retain competitiveness in the global market, Bangladesh has to think of other alternatives. This enhancement takes time, but it ensures the long-term sustainability of a firm like apparel industry. In contrast, improving only "competitive performance" and not "capability" may not be sufficient to ensure the long-term development of the apparel industry of Bangladesh. This study addresses the competitiveness issue from two broader dimensions: facade stage and unfathomable stage competitiveness. More advanced scenarios resulting from the further development of the domestic textile, garment and infrastructure sectors will contribute to further improvement of both unfathomable and facade stage competitiveness of the Bangladesh RMG industry.

Key words: SWOT, Competitiveness, RMG, Sustainability, Industrial Advancement and Scrutiny.

1. Introduction

The RMG industry of Bangladesh has prolonged noticeably over the last three decades. Conventionally, the jute industry subjugated the industrial sector of the country until the 1970s. Since the early 1980s, the RMG industry has emerged as an important player in the economy of the country and has gradually replaced the jute industry. The "export-quota system" in trading garment products played a significant role in the success of the industry. However, that quota system came to an end in 2004. Therefore, the competitiveness issue needs to be addressed, with special attention given to the long-term sustainability of the industry. Bangladesh's economy is profoundly dependent on the garment industry for jobs and foreign exchange earnings. The RMG industry is a key driving force of Bangladesh's economic development. In 2011-2013 Bangladesh was the world's largest exporter of apparel and registered $ 19.1 Billion of RMG exports, a total which accounted for 13% of the country's GDP. Hence, the discussion of the competitiveness of the Bangladesh RMG industry requires simultaneous consideration of both the surface and deep dimensions. In particular, this study uses (a) export value, product price, market share and lead time as facade stage indicators, and (b) linkage expansion, factory environment, product/market composition, and "production and distribution" time as unfathomable stage indicators for measuring the international competitiveness of the Bangladesh RMG industry.

2. Literature Review

The term "competitiveness" itself is a broad concept. Its meaning, implications, adaptation and achievement vary from firm to firm, industry to industry, or country to country. Michael E. Porter is a pioneer of the "competitiveness theory" (Porter, 1990) at the national or macro level (Cho and Moon, 2000). Firm/industry-level (micro level) competitiveness depends on various parameters. However, the literature provides no universal agreement on the definition of competitiveness. For example, some researchers consider the labor cost, unit cost, exchange rate, interest rate, prices of material inputs and other price- or cost-related quantitative factors for measuring the competitiveness of a manufacturing industry (Edwards and Golub, 2004; Fukunishi, 2004; Cockburn and others, 1998; and Edwards and Schoer, 2002). Some other researchers consider product quality, innovativeness, design, distribution networks, after-sales service, transaction costs, institutional factors relating to the bureaucracy of export procedures and other non-price factors for measuring the competitiveness of a manufacturing firm/industry (Abdel-Latif, 1993; Chen and others, 1999; and Sachwald, 1994). The influences of both price and non-price factors on the competitiveness of a firm/industry are reflected by market share and profit (Toming, 2006). The majority of the competitiveness-related research studies focus on the "competitive performance" or on the "factors influencing competitive performance". The studies consider product price, market share and other indicators to measure competitive performance, while considering wages, costs, productivity and other issues as factors influencing competitive performance. However, Fujimoto (2001) puts

special emphasis on the "capability" factor that influences the competitive performance of a firm. According to him, improvement in the "capability" of a firm enhances its "competitive performance". Facade stage competitiveness reflects the "competitive performance" of a firm or industry that is directly observable to consumers. Unfathomable stage competitiveness reflects the "capability" of a firm or industry that is not directly observable to consumers. An improvement in the deep-level performance enhances the performance at the surface level. The severe competition under the quota-free trading environment pressures the RMG industry of Bangladesh to enhance its surface-level competitiveness at the earliest convenient time. However, the long-term sustainability of the industry demands enhancement of deep-level competitiveness. The highest contributor for China in the United States market was category 670 (man-made fiber flat goods/ handbags/luggage), which amounted to $2,066 million in 2005. In the same year, 9, 62, 78 and 124 categories crossed the $500 million, $100 million, $50 million and $10 million export benchmarks respectively. The market of India seems to be more diversified compared with that of Bangladesh, and the market of China is significantly more diversified compared with that of Bangladesh or India. Bangladesh is concentrated mainly in cotton or man-made fiber-related products. In contrast, the trade of China and India is diversified in all the fiber groups. The market of India seems to be more diversified compared with that of Bangladesh, and the market of China is significantly more diversified compared with that of Bangladesh or India.

3. An Overview of Bangladesh Garment Industry

The RMG industry is the only multi-billion-dollar manufacturing and export industry in Bangladesh. Whereas the industry contributed only 0.001 per cent to the country's total export earnings in 1976, its share increased to about 75 per cent of those earnings in 2005. Bangladesh exported garments worth the equivalent of $6.9 billion in 2005, which was about 2.5 per cent of the global total value ($276 billion) of garment exports. The country's RMG industry grew by more than 15 per cent per annum on average during the last 15 years. The foreign exchange earnings and employment generation of the RMG sector have been increasing at double-digit rates from year to year.

Table 1: Important Issues related to the Bangladesh Ready-Made Garment Industry

Year(s)	Issue
1977 - 1980	Early period of growth
1982 - 1985	Boom days
1985	Imposition of Quota restrictions
1990s	Knitwear sector developed significantly
1993 - 1995	Child labor issue and its solution
1996 - 2003	Withdrawal of Canadian Quota restriction
2004 - 2005	Phase-out of Export-Quota System
2006 - 2007	Evolutionally taken some steps
2008 - 2011	Placed No. 1 Position in Knit Sector
2012 - 2014	Some of the monitoring attempts introduced

Currently, there are more than 4,000 RMG firms in Bangladesh. More than 95 percent of those firms are locally owned with the exception of a few foreign firms located in export processing zones (Gonzales, 2002). The RMG firms are located mainly in three main cities: the capital city Dhaka, the port city Chittagong and the industrial city Narayangonj. Bangladesh RMG firms vary in size. Based on Bangladesh Garment Manufacturers and Exporters Association (BGMEA) data, Mainuddin (2000) found that in 1997 more than 75 per cent of the firms employed a maximum of 400 employees each. Garment companies in Bangladesh form formal or informal groups. The grouping helps to share manufacturing activities, to diversify risks; horizontal as well as vertical coordination can be easily found in such group activities. Ready-made garments manufactured in Bangladesh are divided mainly into two broad categories: woven and knit products. Shirts, T-shirts and trousers are the main woven products and undergarments, socks, stockings, T-shirts, sweaters and other casual and soft garments are the main knit products. Woven garment products still dominate the garment export earnings of the country. The share of knit garment products has been increasing since the early 1990s; such products currently account for more than 40 per cent of the country's total RMG export earnings. Although various types of garments are manufactured in the country, only a few categories, such as shirts, T-shirts, trousers, jackets and sweaters, constitute the major production-share (BGMEA website; and Nath, 2001). Economies of scale for large-scale production and export-quota holdings in the corresponding categories are the principal reasons for such a narrow product concentration.

4. Competitiveness of the Bangladesh Ready-Made Garment Industry

4.1 Facade Stage

The United States was the main export destination for Bangladeshi RMG products in the early 1990s followed by the European Union, but the European Union has surpassed the United States over time. These two destinations generate more than 90 per cent of the total RMG export earnings of Bangladesh (BGMEA and the Export Promotion Bureau websites; and Quddus and Rashid, 2000). The shares of other importers, such as Australia, Canada, China, Japan and the Russian Federation as well as countries in the Middle East, in the total RMG export earnings of Bangladesh are minimal. This section of the paper focuses on surface-level competitive performance of the Bangladesh RMG industry in the United States and the European Union markets only. In addition, the performance of China and India along with Bangladesh as RMG suppliers to international markets is also considered for comparative analysis.

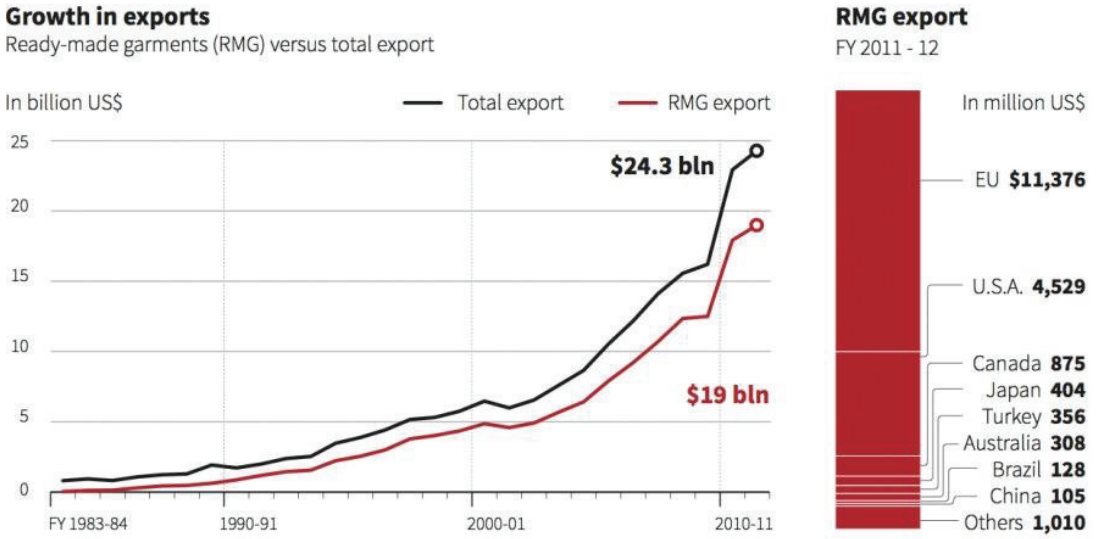

Figure 1: Growth in Exports of Bangladesh Ready-Made Garment Industry

4.1.1 Export Competitiveness in the Comprehensive Market

Bangladesh has experienced some product diversification in its export of garments to the United States market in recent years compared with the early 1990s. However; the country's performance in upgrading its products is not significant with regard to the United States market (Haider, 2006). The country experienced a sharp increase in the export of garment products to the United States market in the 1990s, but faced declines in export earnings from that country in 2002 and 2003, followed by slow increases since 2004. The exports of India also increased rapidly in the 1990s, although that country experienced comparatively slow progress in the last few years. However, the RMG exports of China to the United States have increased at a startling rate over the years. For example, the textile and garment export earnings of China, India and Bangladesh from the United States were $3.6 billion, $0.8 billion and $0.4 billion respectively in 1990, and increased to $22.4 billion, $4.6 billion and $2.5 billion respectively in 2005. Such rapid expansion in the exports of China represents a major challenge to other exporters. Bangladesh exported a total of 99 types of products in the textile and garment category to the United States in 2005, but most of the category's contribution was minimal. For India and China, the number of textile and garment product categories exported in the same year to the United States was 161 and 167 respectively. The export earnings of only eight categories crossed the $100 million export benchmark in the same year for the country. A total of 16 categories of exports crossed the $50 million benchmark and 31 categories crossed the $10 million export benchmark. For India, the highest contributor was category 369 accounting for $439 million in export earnings from the United States in 2005. Also in the same year, a total of 12, 20 and 56 categories crossed the $100 million, $50 million and $10 million export benchmarks respectively. However, the scenario differed significantly for China.

4.1.2 Export Competitiveness in the European Union Market

Bangladesh has experienced both quantitative and qualitative changes in exporting garment products to the European Union market during the period 1996-2005. The textile and garment export earnings of Bangladesh from the European Union increased from1.2 billion Euros in 1996 to 3.7 billion Euros in 2005. For India and China, the corresponding earnings increased from 3 billion and 5.3 billion Euros in 1996 to 5.3 billion and 21.1

billion Euros in 2005 respectively. Garment products generate the major share of Bangladesh's export earnings from the European Union. However, both textile and garment products in China and India contribute to the export earnings from the European Union. For example, garment products on average generated more than a 95 per cent share of the total textile and garment exports to the European Union from Bangladesh during the period 1996-2005. The corresponding shares for India and China stand at below 75 per cent and 80-90 per cent respectively. The top five product groups contributed 76 per cent of the total garment export earnings of Bangladesh from the European Union in 1996, and that share increased to 82 per cent in 2005. The corresponding changes for India and China were from shares of 62 per cent and 34 per cent in 1996 to 54 per cent and 45 per cent in 2005 respectively. This trend demonstrates that product diversification in Bangladesh is lower than that of India and China in exporting garments products to the European Union market. Knit garments from Bangladesh have gained remarkable access to the European Union market during the period 1996-2005. Duty- and quota-free access of garment products manufactured under "two-stage local transformation" have accelerated the exports of knit garment products from Bangladesh to the European Union. As the knit textile subsector is relatively less capital intensive and requires relatively simple technologies, it managed to undergo rapid expansion, benefiting from the European Union Generalized System of Preferences.

4.1.3 The Product-Mix of Garment Products Exported from Bangladesh

Union has changed significantly during the period 1996-2005. The share of shirts in total garment exports from Bangladesh to the European Union has decreased, whereas the shares for overcoats, jackets, sweaters, suits and some other garment products have increased in recent years. These changes demonstrate that Bangladesh is achieving some level of product diversification in exporting garment products to the European Union. In addition, a gender analysis indicates that Bangladesh has achieved some upgrading of its products recently in terms of exporting garment products to the European Union. Garments for females are treated as upgraded products compared with garments for males, since they add more value on average. The earnings of Bangladesh from the export of garments for females to the European Union have increased during the period 1996-2005 (Haider, 2006). The woven part of the category has failed to utilize that facility owing to a lack of sufficient backward linkages. In contrast to the European Union, both knit and non-knit products have entered the United States market simultaneously, as no special tariff or tax reduction incentive was available there for the import of garment products from Bangladesh.

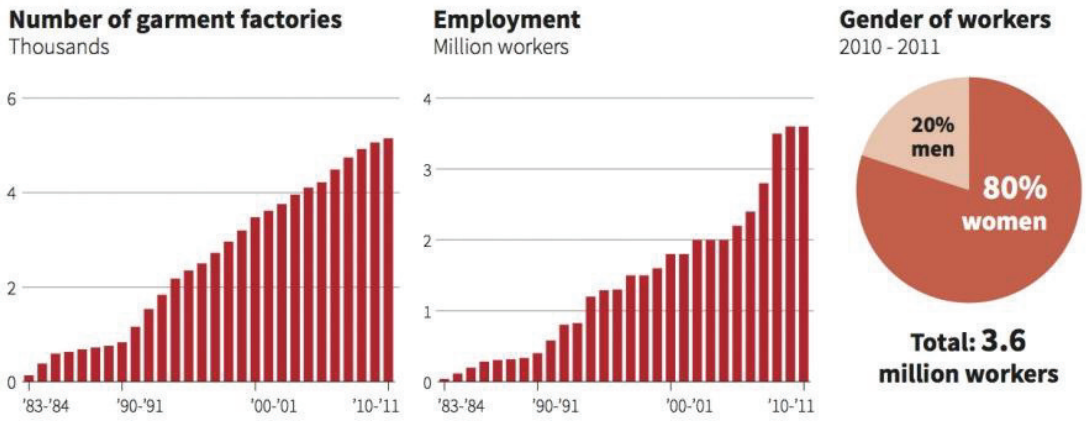

Figure 2: Progression of Bangladesh Ready-Made Garment Industry

4.1.4 Price competitiveness

China and some other competitors of Bangladesh have implemented sharp price-cutting policies in exporting garment products over the last few years, but Bangladesh has failed to respond effectively to such policies. China was able to drop the export price of 29 garment categories10 by 46 per cent on average in the United States within a year, from $6.23 per sq meter in December 2001 to $3.37 per sq meter in December 2002. However, all other suppliers were able to drop the price by only 2 per cent, from $3.50 per sq meter to $3.41 per sq meter during the same period. By the end of 2002, China had underpriced all other exporters to the United States in 22 out of 29 garment categories and it had underpriced others in 26 out of 29 categories by March 2003 (American Textile Manufacturers Institute, 2003). Moreover, China rapidly managed to be price competitive in the European Union and other major international markets. For example, the average unit export price of garment products integrated in the third stage of the Multifibre Arrangement phase-out decreased from 11,600 euros per

ton in 2001 to 9,500 euros per ton in 2002 for Bangladesh in the European Union, whereas the corresponding decrease for China in that market was from 13,500 euros to 8,800 euros per ton (European Commission, 2003). Bangladesh needs to respond to such price-cutting policies of its rivals in order to remain competitive in the quota-free global market.

4.1.5 Lead time

Lead time refers to the time required for supplying the ordered garment products after the export order has been received. In the 1980s, the usual lead time in the garment industry was 120-150 days for the main garment supplier countries of the world; it has been reduced to 30-40 days in the current decade. However, in this regard the Bangladesh RMG industry has improved little; for example, the average lead time is 90-120 days for woven garment firms and 60-80 days for knit garment firms. In China, the average lead time is 40-60 days and 50-60 days for woven and knit products respectively; in India, it is 50-70 days and 60-70 days for the same products respectively. shortening the lead time is the most urgent priority task for Bangladesh. The best way is to develop domestic backward linkages with the aim of reducing "production and distribution" time. Such a strategy would contribute to enhancing the unfathomable stage performance of the industry and would have a positive impact on surface-level performance. An alternative solution would be to establish a central or common bonded warehouse in the private sector for storing raw materials usable in the export-oriented garment industry, with special incentives such as duty-free import. While such a solution is the fastest way to improve surface-level competitiveness by reducing lead time, it carries the risk of delaying unfathomable stage competitive performance-enhancing initiatives and the long-term development of the industry.

5. Competitiveness of the Bangladesh Ready-Made Garment Industry

5.1 Unfathomable Stage

While the export-quota system cushioned the Bangladesh RMG industry enabling it to remain competitive as a prominent garment supplier in international markets until 2004, the phase-out of this system has posed a big challenge for the industry. The industry needs to find proper strategies to remain competitive in international markets. Linkage expansion, meeting compliance standards, product/market diversification and upgrades, and reduction of "production and distribution" time are some important strategies for the industry to improve unfathomable stage competitiveness.

5.1.1 Linkage Expansion

The yarn-manufacturing capacity of Bangladesh doubled in 2003/2004 compared with 1999/2000. The consumption-production gap of yarn decreased over time, although actual consumption increased every year. The fabric-manufacturing capacity of the country also increased over time. Such a trend indicates that the linkage expansion process of the Bangladesh RMG industry has already started, while the pace of expansion varies from stage to stage. Still, many garment manufacturers in Bangladesh are interested in using imported raw materials instead of using local raw materials owing to price differences. The price of RMG inputs supplied by local sources is relatively high. According to The New Nation, Bangladeshi businessmen bought yarn at the equivalent of $2.80 per kg on the local market, whereas Indian businessmen bought the same quality yarn at $2.10 per kg in June 2004.15 Bangladesh is just a price taker in sourcing RMG inputs from external sources, whereas competitor countries such as India and China have a certain level of influence on RMG input pricing, as they themselves are prominent textile suppliers in the world market. Hence, strengthening the linkage expansion is very important for Bangladesh. Such an expansion will contribute to higher value addition in the local economy and facilitate the easy availability of raw materials. However, radical or overnight expansion of backward linkage industries is not possible, because it requires huge investments, modern machinery, a skilled workforce and experienced management.

Table 2: Export Ratios of the Ready-Made Garment Industry Globally

Rank	Origin	Amount (Million US$)			Rate of Change (%)	
		2003	2004	2005	2003-04	2004-05
1	China	8,690	10,723	16,808	23.39	56.75
2	Mexico	7,098	6,845	6,230	-3.56	-8.98
3	Hong Kong	3,732	3,878	3,523	3.93	-9.16
4	India	2,056	2,277	3,058	10.74	34.29
5	Indonesia	2,155	2,402	2,882	11.47	19.99
6	Bangladesh	1,759	1,872	2,268	6.45	21.15
13	Cambodia	1,229	1,418	1,702	15.42	20.06

Source: U.S. Department of Commerce, Bureau of Census cited in Yamagata, 2006

5.1.2 Compliance Concern

In addition to speedy supply, the social dimensions of the RMG industry are getting more attention from consumers, social workers, welfare organizations and brand name international buyers. Currently, many international buyers demand compliance with their "code of conduct" before placing any garment import order. Although Bangladesh was able to solve the problem of child labor very successfully in the mid-1990s, the country's performance in improving the factory working environment is not yet satisfactory. Informal recruitment, low literacy levels, wage discrimination, irregular payment and short contracts of service are very common practices in the RMG factories in Bangladesh. It is true that the country still enjoys some comparative advantage in manufacturing garment products based on low labor costs. The average garment manufacturing labor cost of Bangladesh was $0.16 per hour in 1993, while the corresponding figures for India and China were $0.27 and $0.25 respectively in the same year (Delahanty, 1999). The corresponding data for 2002 were $0.39, $0.38 and $0.68 for Bangladesh, India and China respectively (Jassin-O'Rourke Group, 2002). However, such advantages cannot be sustained forever nor can they be expected from a humanitarian perspective. Labor organizations, social welfare organizations and humanitarian organizations are raising their voices against such low wages, which are considered labor exploitation. Rented factory premises, narrow staircases, low roofs, closed environments, absence of lunch rooms, unavailability of clean drinking water and no separate toilets or common rooms for female workers are other concerns in the garment factories of Bangladesh (Paul-Majumder, 2001). Bangladesh RMG firms need to deal with these issues in order to remain competitive in the global market.

5.1.3 Merchandise and Market Composition

The product and market composition of garments from Bangladesh requires special attention to ensure the long-term sustainability of the Bangladesh RMG industry as a prominent supplier in the global market. The export-quota system diverted the attention of some international garment suppliers from quantitative expansion to qualitative improvement of exportable garment products. China and other competitor countries took that opportunity, but Bangladesh failed to do likewise. Bangladesh is still focused on manufacturing lower-end products, although recently the country has emerged slowly from being a lower-end producer towards becoming a middle/high-end producer, from being a simple male-wear producer to become a producer of fashionable female wear. Strengthening the process of upgrading products is very important for the Bangladesh RMG industry if it is to enhance its competitiveness. As with China and other prominent garment suppliers, Bangladesh needs to address both the qualitative and quantitative expansion of its RMG industry simultaneously in order to sustain the business in the long run.

5.1.4 Production and Distribution Time

A shorter "production and distribution" time improves unfathomable stage competitiveness. A few alternative hypothetical scenarios for the woven RMG industry of Bangladesh are illustrated respectively. Scenario 1 indicates the current situation of Bangladesh. In this stage, the country has to depend mostly on foreign sources for inputs such as textiles. For this very reason, both the lead time and total "production and distribution" time are longer in this case. Scenario 2 considers the establishment of common bonded warehouses in Bangladesh, which will play a significant role in reducing lead time. Such lead-time-cutting initiatives will improve surface-level competitiveness, but total "production and distribution" time will not be shortened; rather it may deteriorate further owing to the additional time required for storing inputs in local warehouses. Therefore, common bonded warehouses will not create any positive impact on deep-level competitive performance. Scenario 3 is the primary stage of establishing a domestic textile industry, which will reduce both the lead time and total "production and distribution" time compared with the present situation (scenario 1). As a result, both surface and deep-level

competitiveness will be improved. However, the lead time will remain longer at this stage than that of scenario 2. The textile firms will produce textiles only after getting an order from garment firms at this stage. Scenario 4 is the intermediate stage of domestic textile industry development. Local textile firms will be able to bear the risk of producing and storing some basic textile items to supply the garment firms just after getting the demand order. Such capability will reduce the lead time and offset the necessity of common bonded warehouses. Total "production and distribution" time is longer here as it contains the time required for both the production and storing of textiles. Even after that, it will not be worse than the present situation. Rather, such improvements will increase the local contribution.

6. Circumlocutory Manipulations on Competitiveness

The Government of Bangladesh does not play any direct role in the garment business. However, the Government helps the industry indirectly by providing some basic policy support such as back-to-back letters of credit, the duty drawback scheme, bonded warehouse facility and cash incentives. Some other notable initiatives taken by the Government are the adoption of conducive investment and industrial policies, encouragement of foreign direct investment, establishment of export processing zones and organizing trade fairs inside and outside the country. Encouraging export-led industrialization is the main objective behind such government initiatives. The Government provides the advantage of duty-free raw material imports usable in the manufacturing of export products to encourage and accelerate such industrialization. However, proper monitoring and careful implementation of this duty-free raw material import strategy is important to protect the illegal infiltration of imported materials into the domestic market. Such infiltration reduces tax earnings for the Government and hampers the development of local backward linkage sections. These two issues are restraining the Government from coming to any final decision on allowing the duty-free import of raw materials in huge quantities and storing them in common bonded warehouses for use by export-oriented garment factories in order to reduce lead time. Another concern is the proper and on-time implementation of policies and strategies. Rules and regulations that exist only on paper are meaningless if they are not duly and properly implemented.

Table 3: Knit Apparel Export Ratios of the Ready-Made Garment Industry Globally

Rank	Origin	Amount (Million US$)			Rate of Change (%)	
		2003	2004	2005	2003-04	2004-05
	All Countries	56,918	65,552	69,642	15.17	6.24
1	China	10,913	13,714	20,334	25.66	48.27
2	Turkey	8,112	9,348	9,790	15.24	4.72
3	Bangladesh	3,471	4,578	4,346	31.90	-5.08
4	Romania	4,124	4,572	4,285	10.87	-6.28
5	India	2,599	3,020	3,988	16.23	32.02
19	Cambodia	475	643	587	35.27	-8.77

Source: Eurostat cited in Yamagata, 2006

7. Ultimate Annotations

The surface-level competitive performance of the Bangladesh RMG industry is rather good, as indicated by quantitative expansions of its exports to major international markets over the time period. Moreover, the industry has already initiated the process of enhancing its deep-level competitive performance. For example, the Bangladesh RMG industry has achieved some product diversification in both the United States and the European Union as a garment supplier. Recently, the industry has achieved some upgrading of its products in the European Union, but this has not occurred to a significant extent in the United States. Some important areas which require more attention to sustain and enhance deep-level competitiveness of the industry are reduction in "production and distribution" time, expansion of linkages, compliance with code of conduct of buyers and changes in product/market composition. The Government of Bangladesh should also provide more active policy support. The most urgent and important task for the Bangladesh RMG industry is shortening the lead time; otherwise, international buyers may divert their attention towards other suppliers for the importation of garment products in the current quota-free business environment. The best option for Bangladesh is to improve its deep-level competitiveness by reducing total "production and distribution" time, which will improve surface-level competitiveness by reducing lead time. An important precondition for implementing that strategy is the existence of a strong domestic textile industry. Bangladesh faces significant constraints in this regard and hence it is not possible to establish strong backward linkages overnight. The establishment of common bonded warehouses in the private sector for storing raw materials for use in export-oriented garment factories under some special incentives, such as duty-free imports, could play a significant role in reducing lead time. Such a policy runs the risk of delaying the initiatives that are necessary in order to strengthen deep-level competitiveness. However,

globalization is putting pressure on the country to accept that risk. The establishment of common bonded warehouses and the expansion of backward linkages are two options for the Bangladesh RMG industry. While the establishment of common bonded warehouses will improve only facade stage competitiveness, the latter will improve both surface and deep-level competitiveness.

8. SWOT Scrutiny on the Perspective of Bangladesh Garment Industry

The Bangladesh readymade Garment industry has achieved great success over a short time of period. The garments industry has become the main source of export and major driver of the GDP of Bangladesh. However the global market environment for textile and clothing industries is in transitional stage and will change at the end of the phasing out quota. The change in global trade will create new challenges for the Bangladesh RMG industry. The Quota free business environment will allow the competitors to take away the global market share from Bangladesh. Therefore high productivity, free access in backward supply line, shorter lead time will determine the industry competitiveness.

Strengths:

- Low labor cost
- Energy at low price
- Easily accessible infrastructure like sea road, river and air communication.
- Wide ranges port facilities
- Accessibility of fundamental infrastructure, which is about 3 decade old, mainly established by the Korean, Taiwanese and Hong Kong Chinese industrialists.
- FDI is legally permitted
- Moderately open economy, particularly in the export promotion zones.
- GSP under EBA (Everything but Arms) for Least Developed Country applicable (Duty free to EU).
- Improved GSP advantages under Regional Cumulative.
- Looking forward to Duty free Access to US, talks are on, and appear to be on hopeful track.
- Investment assured under Foreign Private Investment (Promotion and Protection) Act, 1980 which secures all foreign investments in Bangladesh.
- OPIC's (Overseas Private Investment Corporation, USA) insurance and finance agendas operable.
- Bangladesh is a member of Multilateral Investment Guarantee Agency (MIGA) under which protection and safety measures are available.
- Adjudication service of the international centre for the settlement of Investment Dispute(ICSID) offered.
- Excellent Tele-communications network of E-mail, Internet, Fax, ISD, NWD & Cellular services.
- English is spoken widely which make communication easy.
- Weakness of currency against dollar/euro and the condition will persist to help exporters
- Bank interest @ 7% for financing exports.
- Convenience of duty free custom bonded warehouse.
- Readiness of new unites to enhance systems and create infrastructure accordant with product growth and fast reactions to circumstances.

Weaknesses:

- Long lead time.
- Lack of marketing tactics.
- The country is deficient in creativity.
- Absence of easily on hand middle management.
- A small number of manufacturing methods.
- Low acquiescence; there is an international pressure group to compel the local producers and the government to implement social acquiescence. The US GSP may be cancelled and purchasing from US & EU may decrease significantly.
- The machinery required to assess add on a garment or increase competence are missing most industries.
- Lack of training organizations for industrial workers, supervisors and managers.
- Autocratic approach of nearly all the investors.
- Fewer process units for textiles and garments.
- Sluggish backward or forward blending procedure.
- Incompetent ports, entry/exit complicated and loading unloading takes much time.

- Speed money culture.
- Time consuming custom clearance.
- Unreliable dependability regarding delivery/QA product knowledge.
- Communication gap created by incomplete knowledge of English.
- Subject to natural calamities.

Opportunities:

- EU is willing to establish industry in big way as an option of china particularly for knits, including sweaters.
- Bangladesh is included in the Least Developed Countries with which US is committed to enhance export trade.
- If skill technicians are available to instruct, prearranged garment is an option because labor and energy cost are inexpensive.
- Foundation garments for ladies for the FDI promise is significant because both, the technicians and highly developed machinery are essential for better competence and output.
- Japan to be observed, as conventionally they purchase handloom textiles, home furniture and garments. These sectors can be encouraged and expanded with continued progress in quality.
- Chittagong port is going to be handed over to the foreign operator, which will make the port's service much faster, it will also reduce lead time as well as total cost will be decreased.
- Bangladesh is going to gain the political stability, which will make foreign trade much more attractive.

Threats:

- China is a most likely the biggest threat for Bangladesh as this country has relatively high labor productivity and applies more capital-intensive modern technology and it has less lead time because of its relative advantages in getting locally available raw materials like fabrics, various RMG accessories.
- China has also relatively better infrastructural facilities like energy supply, transportation, and communication system.
- Some African and Caribbean countries have enjoyed zero–tariff facility under AOA act (Agreement on Agriculture) that helps them to be more competitive relative to Bangladesh.

9. Conclusions

The RMG firms in Bangladesh have been facing immense pressures from international buyers for compliance with their codes of conduct. In contrast, the big buyers are interested in continuing and expanding their business with Bangladesh if shorter lead time and compliance standards can be met. Therefore, Bangladesh should address these two issues very carefully and immediately, which are the least conditions necessary to survive the competition. The country needs to be capable of adjusting its manufacturing capacity to frequent changes in customer demand. In addition to upgrading products, the country should try to achieve product and market diversification in order to diversify risks, gain access to new markets/buyers and increase export volume. A good balance between these options will sustain and enhance Bangladesh's position in the world market, and at the same time upgrade the country's current status of being only an assembler so that it could become a full-package supplier of garment products. Second, Bangladesh needs to concentrate on improving the working environment in factories and address other social issues related to the garment industry. Bureaucratic complexities, corruption, political instability and lack of good governance are some areas which the Government needs to address in order to ensure the proper implementation of its strategies and policies. Infrastructure development is another area where the support of the Government is undeniable in a developing country such as Bangladesh.

References

- Apparel Information and Fashion Marketing through Merchandising; Regular Blog on Apparel Progress and Merchandising Analysis all over the World through Present Scenario and Prospect (Apparel School),
- http://www.lawyersnjurists.com/articles-reports-journals/garments-and-textile/general-review-merchandising-knit-garment-sectors-bangladesh/
- Abdel-Latif, Abla M. (1993). "The nonprime determinants of export success or failure: the Egyptian ready-made garment industry, 1975-1989",

- World Development, vol. 21, No. 10, pp. 1677-1684
- Agency for International Trade Information and Cooperation (AITIC) (1999). The World Trade Organization Agreement on Textiles and Clothing (ATC) (Geneva)
- Market Access guide to the New and Emerging Market for Bangladesh Woven garments Manufacturers and Exporters, BGMEA Publications, BGMEA and gtz, Only Edition
- www.acici.org/aitic/documents/docs.htm
- American Textile Manufacturers Institute (2003). The China Threat to World Textile and Apparel Trade (Washington, D.C.), (2004a). Update Number Two
- The China Threat to World Textile and Apparel Trade (Washington, D.C. (2004b). Update Number 3: The China Threat to World Textile and Apparel Trade, (Washington, D.C.)
- 6th Bangladesh Knitwear Exhibition Knit Exposition 2012, 25-27 January, 2012
- Introducing Bangladesh Knitwear to Japan and Beyond, BKMEA publications
- Bangladesh Garment Manufacturers and Exporters Association (BGMEA) – Government recognized trade body of garment factories of Bangladesh
- Textile sector booming, February 01, 2013, The Daily Star (Business page)
- Garment units reel from safety threats, Monday, February 24, 2014, The Daily Star
- European brands to hire 25 local engineers, February 24, 2014, The Daily Star
- Saving the RMG sector, October 13, 2014, The Daily Star
- 40pc garment units fail to pay new wage, Friday, 24. 01. 2014, The Daily Star
- Garment factory warned of danger before fatal fire, January 5, 2014, The Daily Star
- www.bangladeshgarments.info
- Accessed during the period 2003-2007.
- Chen, Kevin, Lian Xu and Yufeng Duan (1999). "Ex-post competitiveness of China's export in agri-food products: 1980-96", Agribusiness, vol. 16, No. 3, pp. 281-294.
- Cho, Dong-Sung and Hwy-Chang Moon (2000). From Adam Smith to Michael Porter: Evaluation of Competitiveness Theory (Singapore, World Scientific Publishing Co. P.t. Ltd.)
- Cockburn, John, E. Siggel, M. Coulibaly and S. Vézina (1998).
- "Measuring competitiveness and its sources: the case of Mali's manufacturing sector"
- Working Paper from Bell Communications Economic Research Groups (Quebec, Canada, Centre de Recherche en Économie et Finance Appliquées, Université Laval)
- Centre for Policy Dialogue (2000). Implementation of WTO-ATC: Current Status and Implications for Bangladesh, Dialogue Report No. 38 (Dhaka)
- Delahanty, Julie (1999). A Common Thread: Issues for Women Workers in the Garment Sector, report prepared for the Global Markets Programmed of Women in Informal Employment: Globalizing and Organizing (Ottawa, North-South Institute)
- European Commission (2003). Evolution of Trade in Textile and Clothing Worldwide – Trade Figures and Structural Data, Commission Staff Working Paper No. SEC (2003) 1348 (Brussels)
- Market Access Database of the Directorate General for External Trade, Statistical Trade Flow Database, <http://mkaccdb.eu.int>, accessed during the period 2003-2007

Saiful Islam Tanvir is a Certified Supply Chain Manager (CSCM) recognized from ISCEA, USA. He accomplished Professional Diploma in Apparel Merchandising from BGMEA University of Fashion & Technology, Bangladesh, Certificate Diploma in Advanced Research Methodology from IER, Dhaka University and Human Resource Management from Trinity, Bangladesh. He received M.Sc. in Environmental Studies from Uttara University, Bangladesh and B.A. (Honors) in Apparel Manufacturing Management & Technology from Shanto-Mariam University of Creative Technology, Bangladesh with outstanding triumph. He has already internationally published ten Journals from several countries and also an international book on "Indispensable

Facets of Apparel Merchandising", ISBN-10:3846585920, ISBN-13:978-3846585924 from Lap Lambert Academic Publishing, Germany. At present he is one of the valued Members of American Center under US Embassy, Bangladesh, International Society for Development & Sustainability (ISDS-Japan), SCITI Alumni Association, Bangladesh and Bangladesh Research Club, BPDM & IER. He is functioning as a Lecturer and Students' Advisor, Department of Apparel Manufacturing Management & Technology at Shanto-Mariam University of Creative Technology, Bangladesh and engaged with a Foreign Buying House as an International Conversationalist. His vicinity of concentration is Apparel Merchandising Management, Supply Chain Management, Sourcing and Negotiation, Sample and Store Room Management and Apparel Manufacturing Management. He attained in some of the International Conferences, Trainings and Workshops in USA, Germany, France, Netherlands, Belgium, China, Malaysia, Singapore, Thailand, Hong Kong, Philippines, Sri Lanka, Maldives, India, Nepal, Bhutan and Indonesia. He is one of the appointed delegators for International Youth Leadership Summit, 2014. He recently received Vice-Chancellor Award and Summa Cum Laude Certificate from the First Convocation for his extra ordinary result in Graduation Level.

Noorul Muqaddim received M.B.A. in Product & Fashion Merchandising & B.A. (Honors) in Apparel Manufacturing Management and Technology from Shanto-Mariam University of creative Technology, Bangladesh. He is presently working as a Lecturer, Department of Apparel Manufacturing Management & Technology, Shanto-Mariam University of Creative Technology, Bangladesh. His area of interest is Fashion Design, CAD/CAM, Design Management, Sample Room Management and Apparel Manufacturing Management. He participated in a number of professional Trainings and Workshops and frequently writing Carton based Article at National Newspapers. He engaged with several types of Social Activities and Contributing for the Nation. He recently received Chancellor Award and Summa Cum Laude Certificate from the First Convocation for his extra ordinary result in Graduation Level. He published some of the international articles and features on several tracks.

Arafat Hossain received M.A. in Fashion Design & B.A. (Honors) in Fashion Design and Technology from Shanto-Mariam University of creative Technology, Bangladesh. He also achieved Higher National Diploma (HND) from UK under Edexcel and also studied at UK for couple of years. He is presently working as a Lecturer, Department of Fashion Design & Technology, Shanto-Mariam University of Creative Technology, Bangladesh. His area of interest is Fashion Design, Pattern Formation and Excellence, Design Management, Fashion and Design Exploration and Apparel Manufacturing Management. He participated in a number of professional Trainings and Workshops and frequently arranging some of the significant Fashion and Cultural Programmes. He engaged with several types of Social Activities and Contributing for the Nation. He is one of the committed educators for his nation.