

Man-made fibres for moving up the apparel value chain in the context of LDC graduation

The presentation consists of 24 slides, each containing data and analysis related to the apparel value chain and LDC graduation. The slides are organized into several thematic sections:

- Introduction and Market Overview:** Slides 1-4 discuss the global apparel market, the role of man-made fibres (MMF), and Bangladesh's position as a major apparel exporter.
- Market Analysis:** Slides 5-10 provide detailed analysis of the EU and US markets, including market share, growth trends, and major MMF apparel items.
- Policy Implications:** Slides 11-14 discuss the challenges of LDC graduation and the need for backward linkage capacity in the apparel industry.
- Key Issues and Conclusion:** Slides 15-18 address key issues to consider and conclude with a 'Thank you' message.

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 4 October 2022



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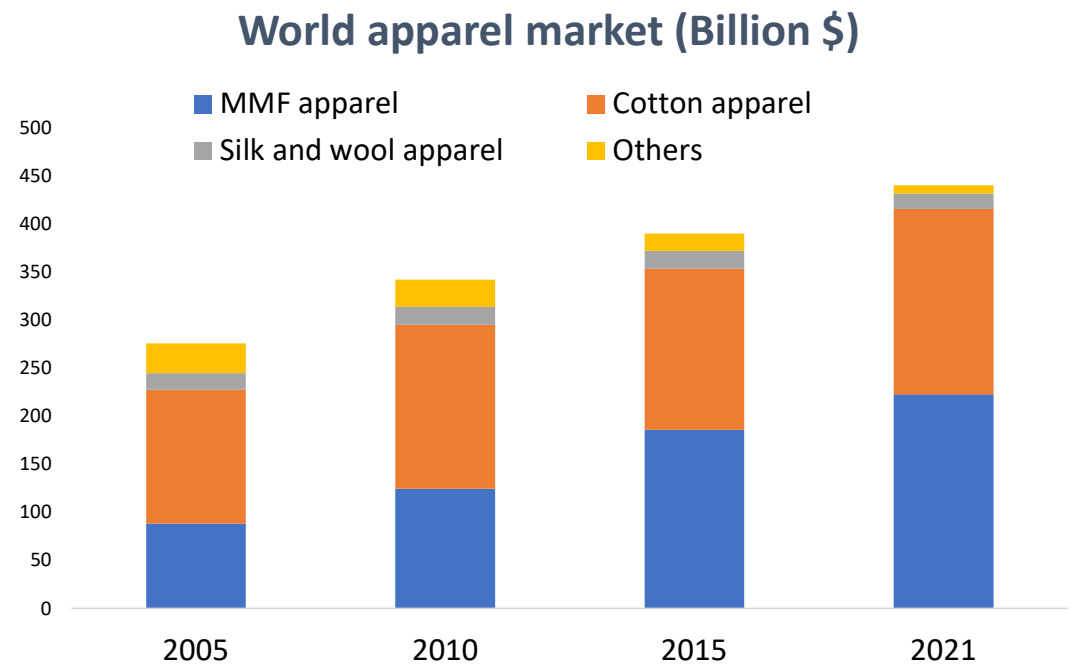


51% of the global apparel market is due to MMF products while cotton items account for 42%.

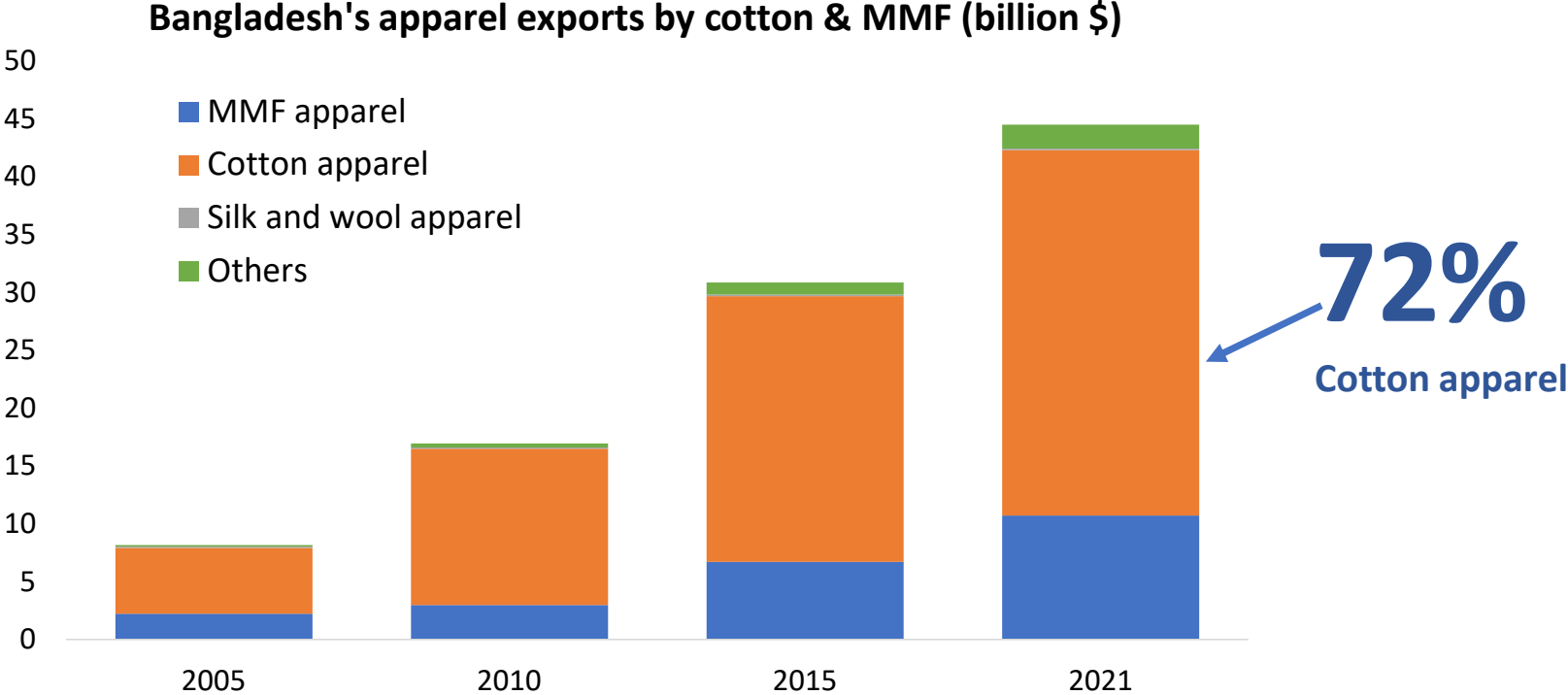
Global apparel market:
\$440 billion in 2021.

man-made fiber apparel:
\$222 billion (51% of total apparel market).

Cotton apparel: **\$190** billion (42% of the global apparel market).

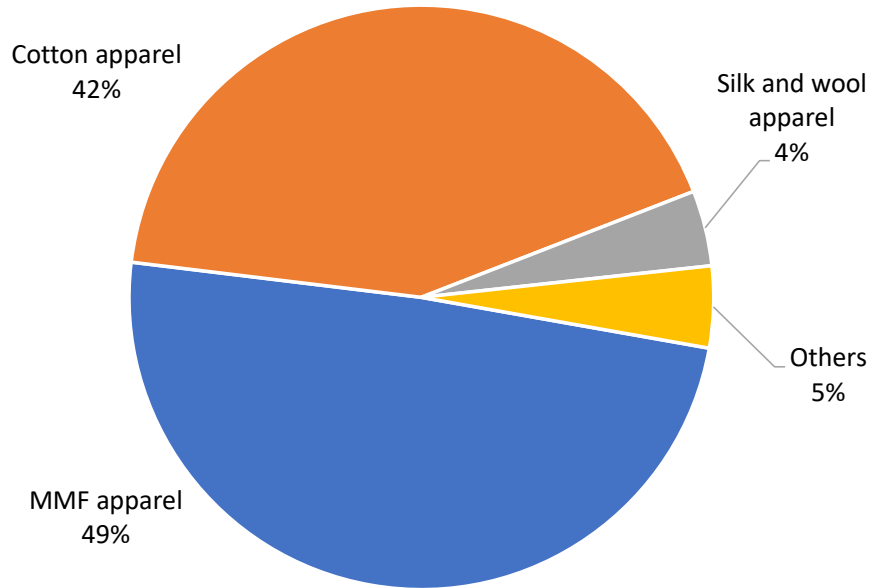


Of the \$42 billion Bangladesh's apparel exports, \$30 billion are cotton apparel items.

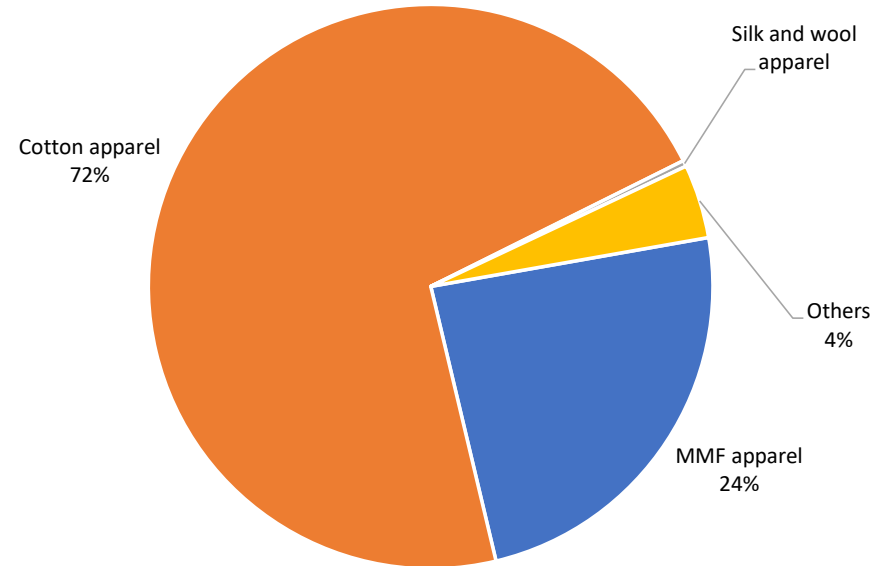


A contrasting export composition: World vs Bangladesh

Almost half of all global apparel exports are man-made fibre products, while 42% are cotton-based.

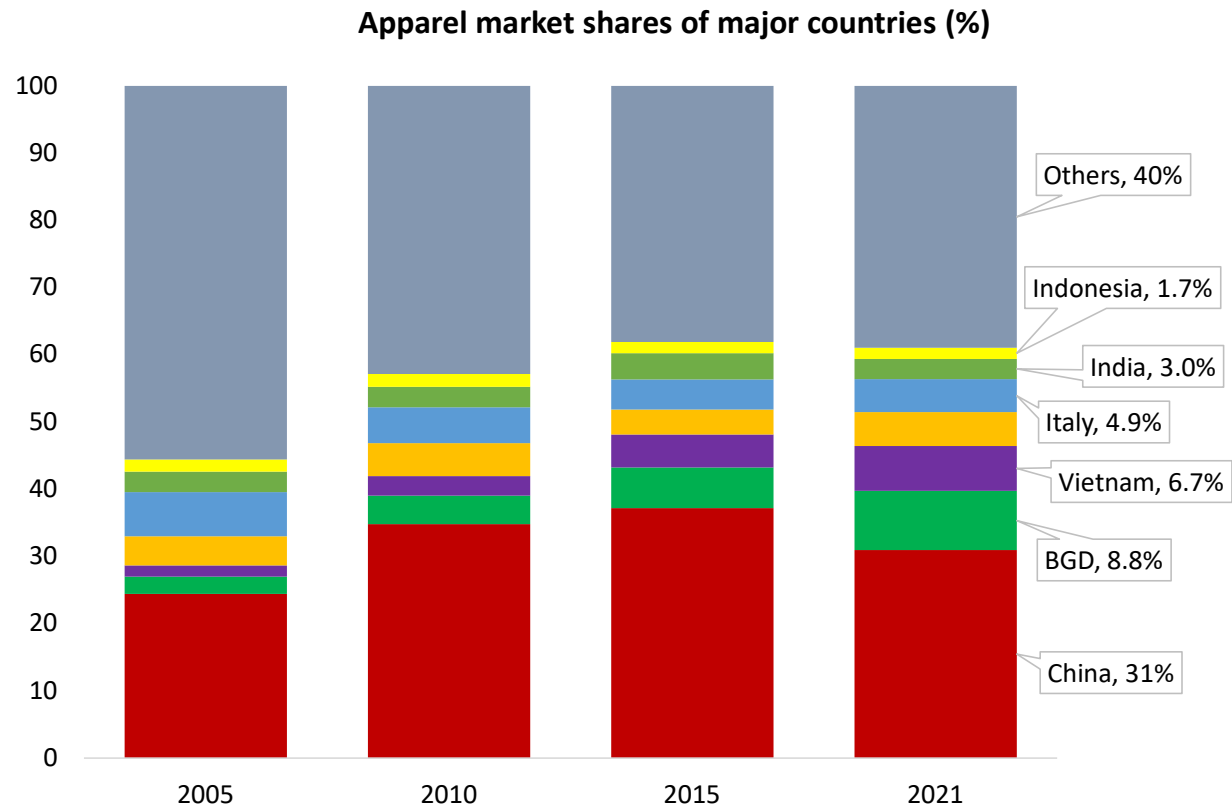


72% of Bangladesh's garment exports are cotton apparel. Just 24% are man-made fibre based.

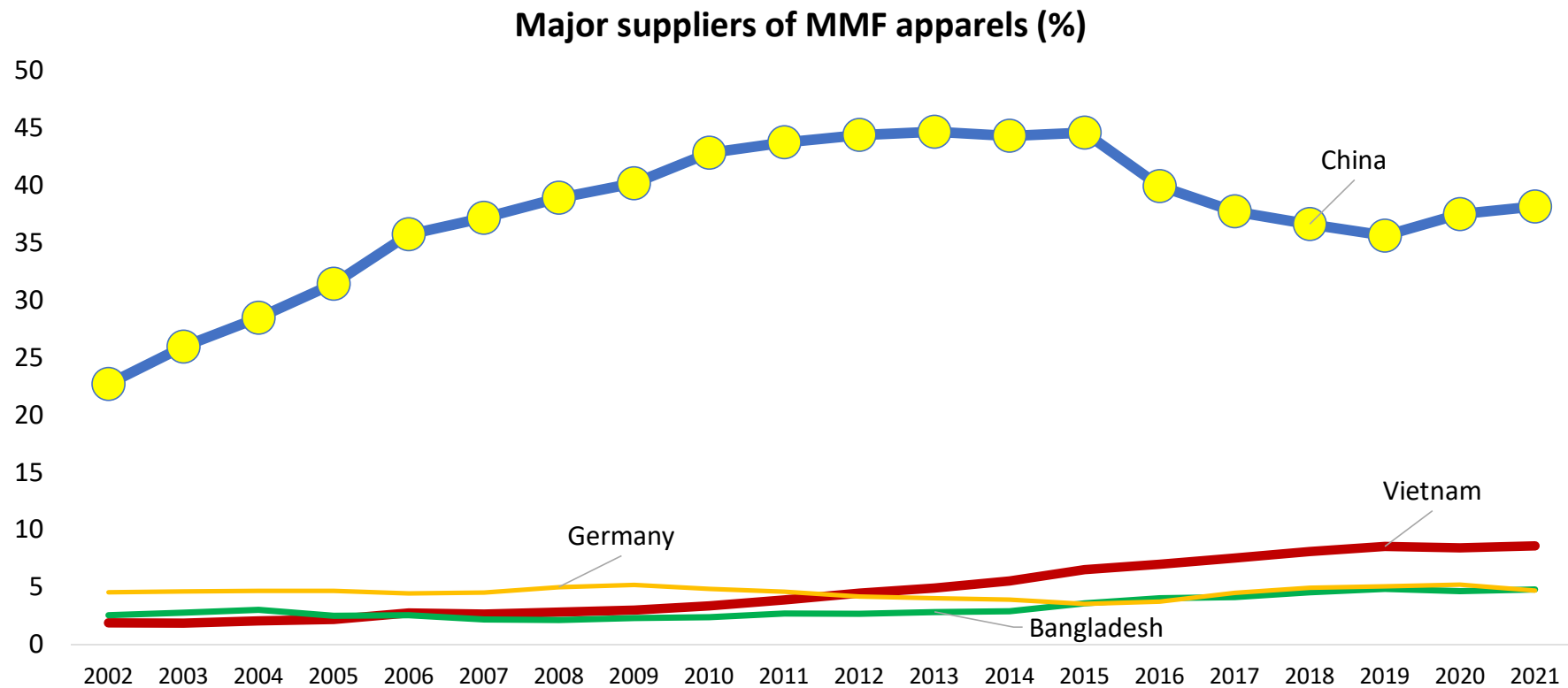


Bangladesh's global apparel market share is about 9%.

- China's share is on the decline.
- Bangladesh has gained most from the loss of China's share.
- Vietnam is the other country with rising share.

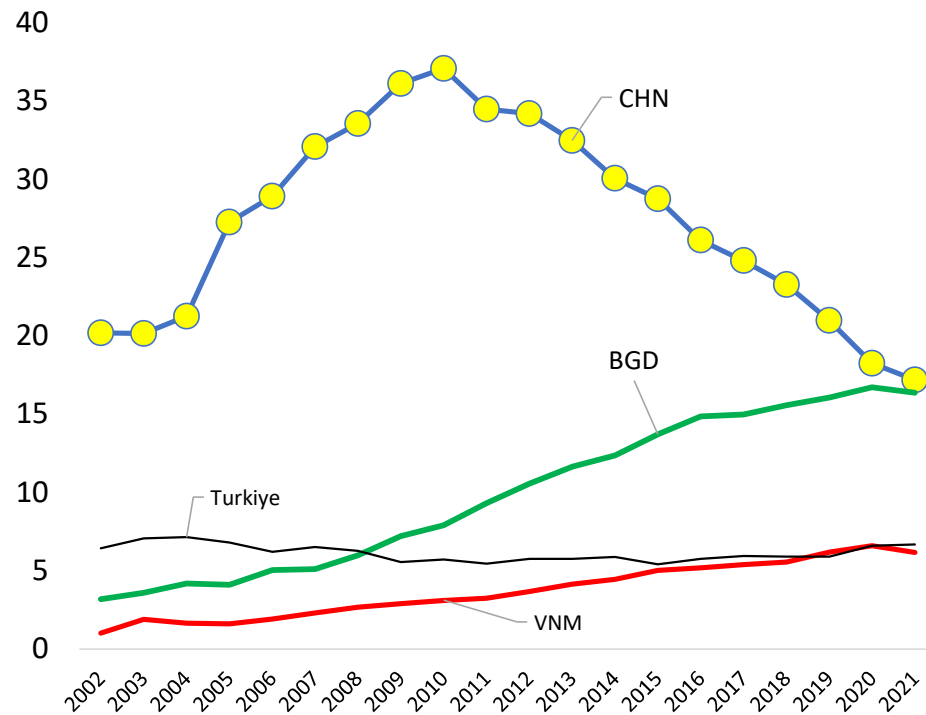


...However, Bangladesh captures less than 5% of global MMF apparel market.

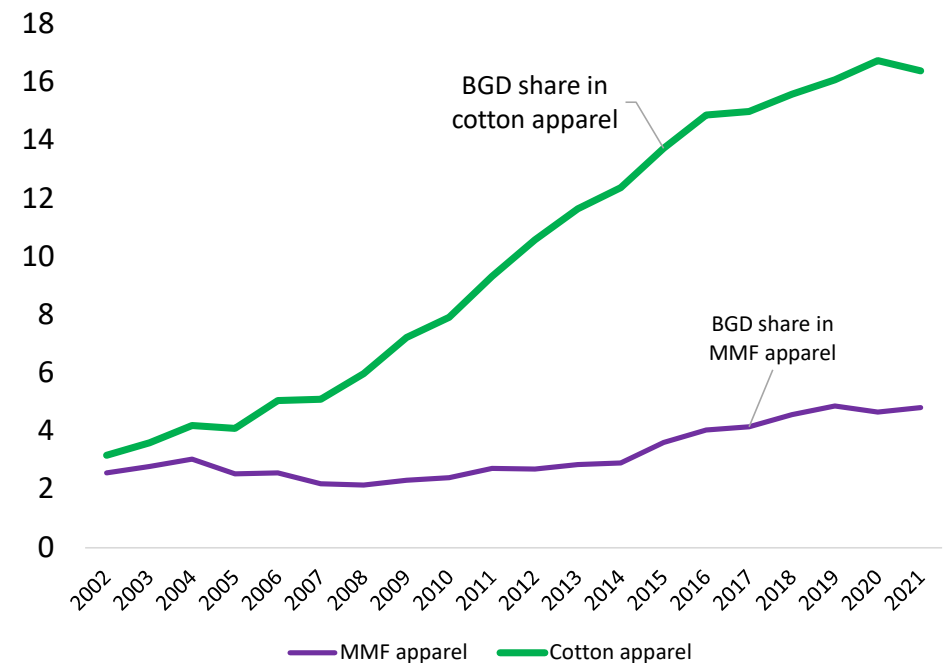


Bangladesh's share in cotton apparel is 16% and we are soon going to be the largest cotton-based apparel exporter.

Global cotton apparel market shares (%)



Bangladesh's share in global MMF and cotton apparel exports (%)

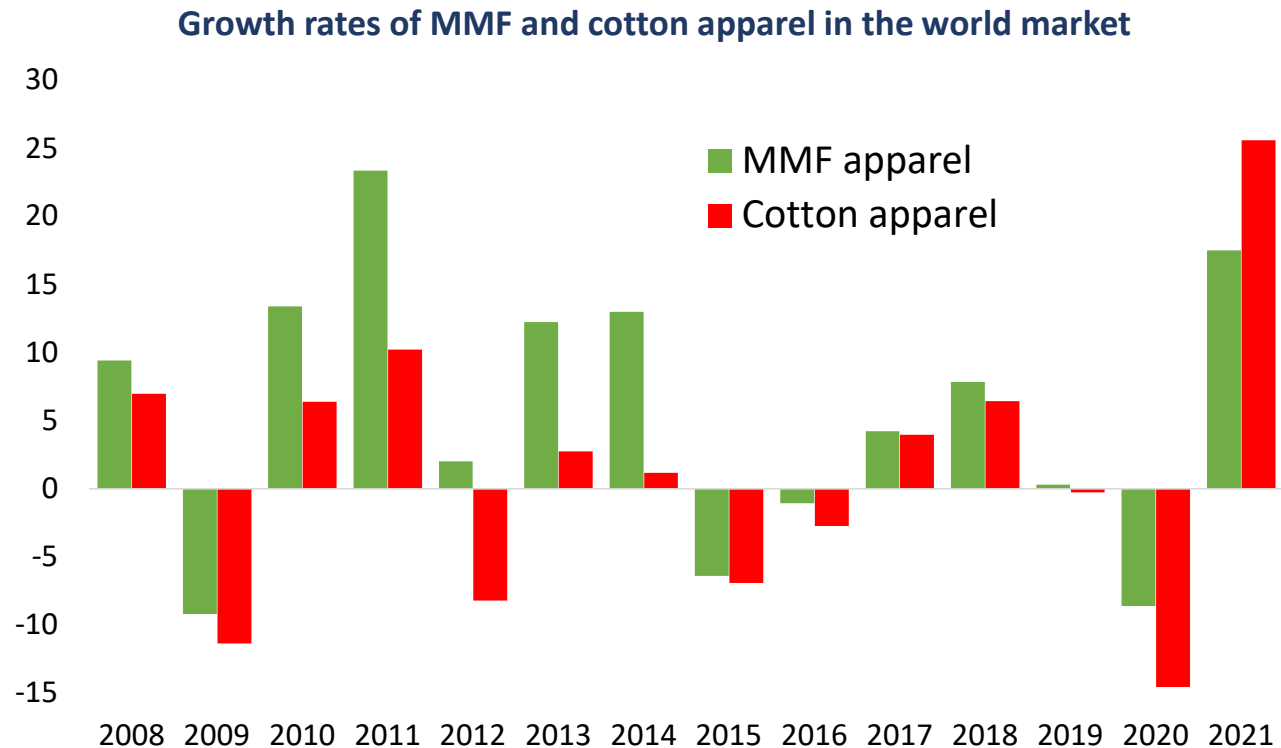


During 2011-2019 (before Covid-19), global MMF apparel exports grew by 4% annually, while cotton-based apparel shrunk by 0.5%.

2011—2019, cotton apparel exports declined by half-a-percent each year.

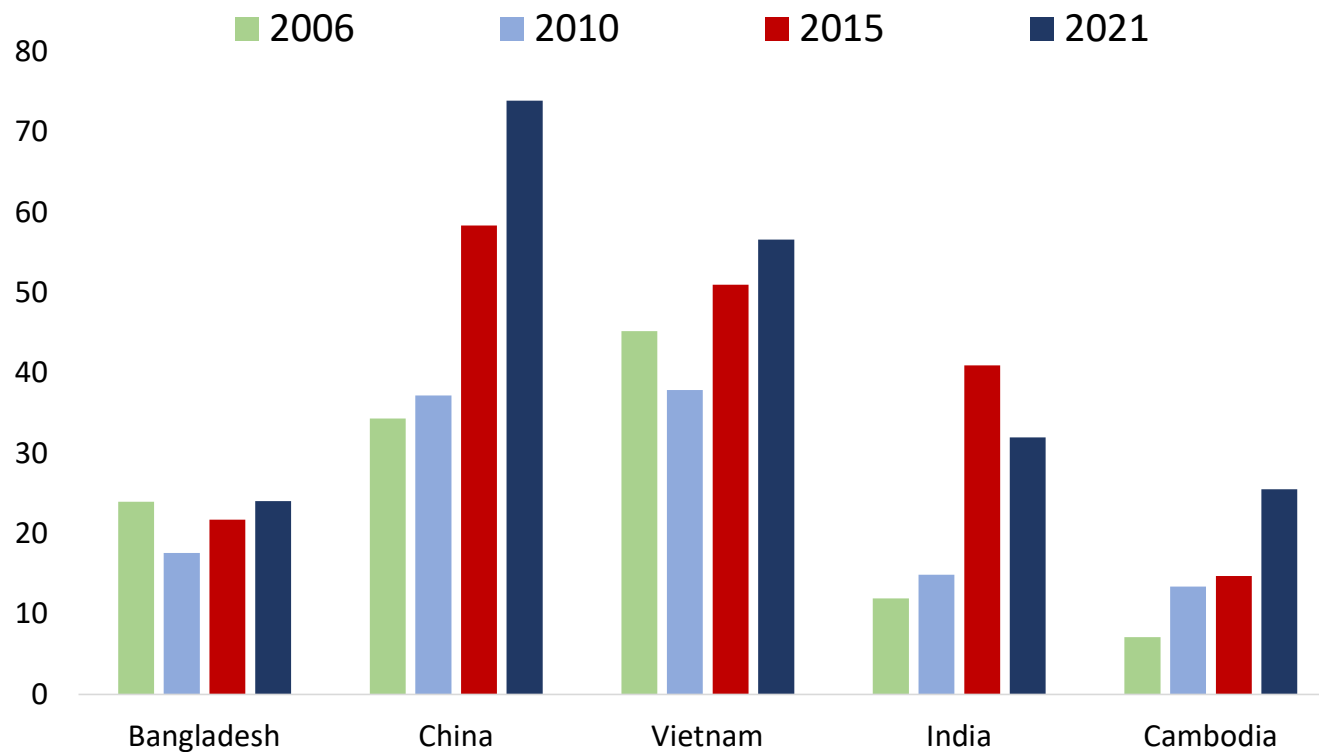
15% cotton apparel export reduction in 2020 against 8% for MMF apparel

Cotton apparel exports sees a robust growth in 2021.



Comparator countries are moving towards MMF apparel items.

Share of MMF apparel in countries' total apparel exports (%)



For China, MMF apparel export share in its total clothing exports increased from 37% in 2010 to 74% in 2021.

For Vietnam, MMF rose from 38% to 57%.

For India 15% to 32% and for Cambodia 13% to 26%.

For Bangladesh, the MMF share increased from 18% to 24%

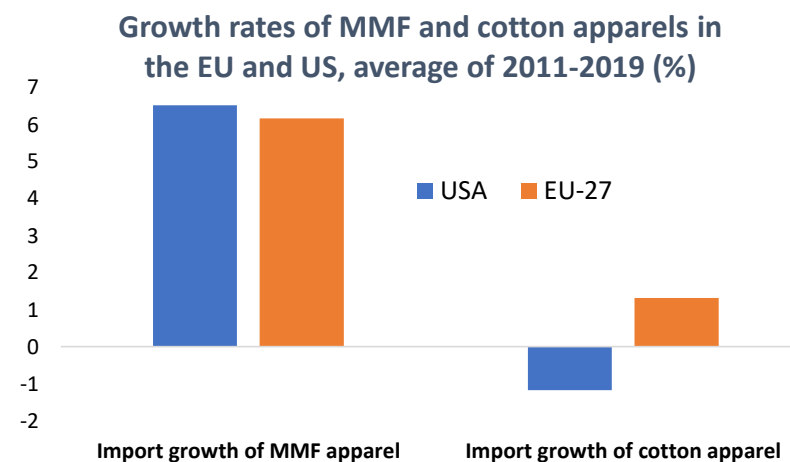
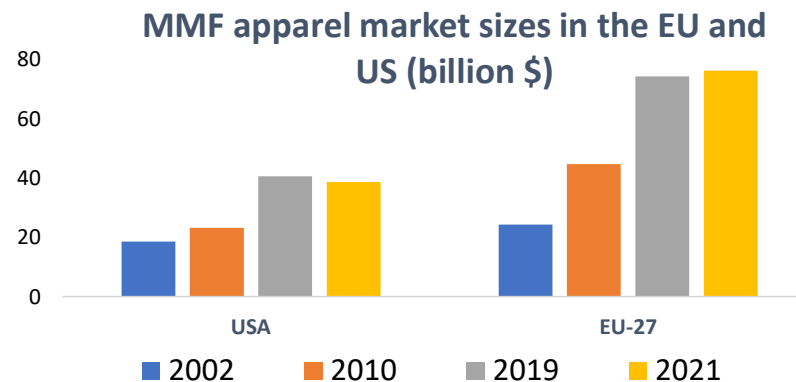
MMF apparel markets in the EU and US grew fast.

2010—19: U.S. MMF apparel imports grew from **\$23 billion** to **\$40.5 billion** (average annual growth 6.5 %)

- Cotton apparel imports during the same time declined by 1.2% annually

EU MMF apparel imports rose from **\$45 billion** to **\$74 billion** (average annual growth was 6.2%)

- Cotton apparel growth during the same time was just 1.3%

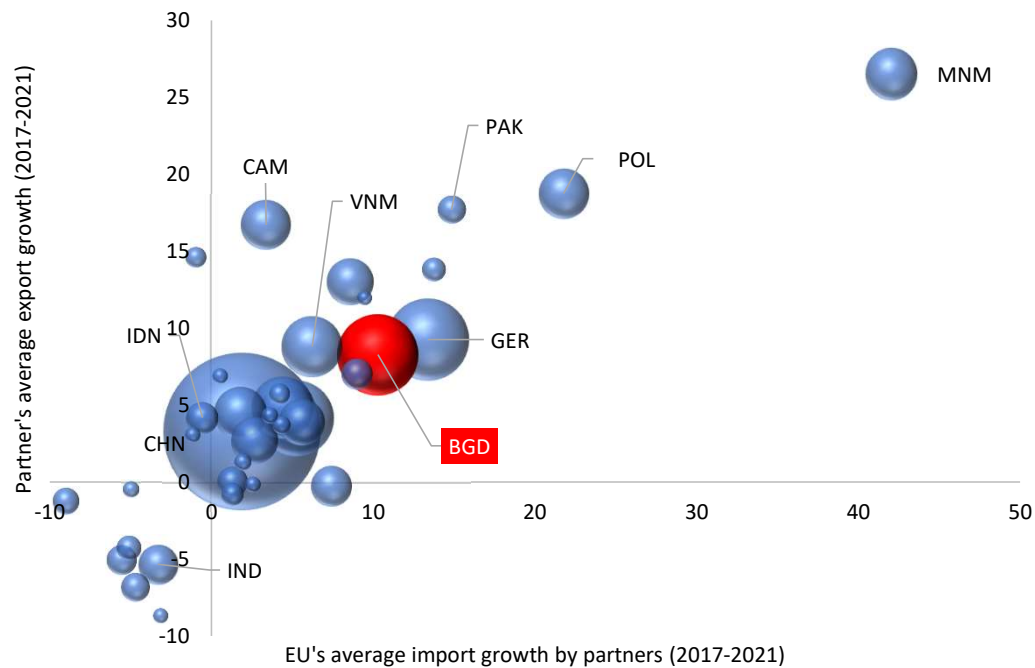


Major MMF apparel items

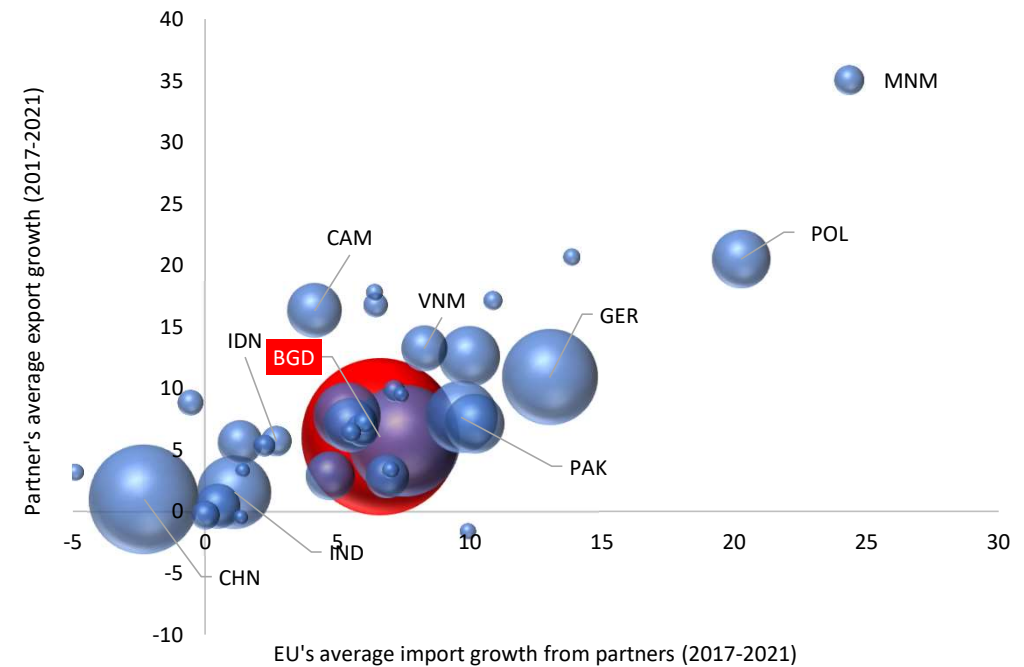
HS code	Description	World import demand, 2021 (billion \$)	Bangladesh's exports to world, 2021 (billion \$)	Bangladesh's share in world market (%)
611030	Jerseys, pullovers, cardigans, waistcoats and similar articles, of man-made fibres	26.2	2.5	9.5
610990	T-shirts, singlets and other vests of textile materials, knitted or crocheted (excluding cotton)	14.9	0.7	4.9
610463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres	11.4	0.4	3.9
620293	Women's or girls' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres	11.0	0.5	4.7
620193	Men's or boys' anoraks, windcheaters, wind jackets and similar articles, of man-made fibres	11.0	0.8	6.9
620343	Men's or boys' trousers, bib and brace overalls, breeches and shorts of synthetic fibres	8.6	0.9	10.2
620443	Women's or girls' dresses of synthetic fibres (excluding knitted or crocheted and petticoats)	8.1	0.1	1.0
620463	Women's or girls' trousers, bib and brace overalls, breeches and shorts of synthetic fibres	7.3	0.4	5.0
620433	Women's or girls' jackets and blazers of synthetic fibres	5.9	0.1	1.1
620640	Women's or girls' blouses, shirts and shirt-blouses of man-made fibres	5.4	0.3	5.7

Market analysis of Bangladesh's man-made and cotton-based apparel in the EU market

Export prospects of MMF apparel in EU market

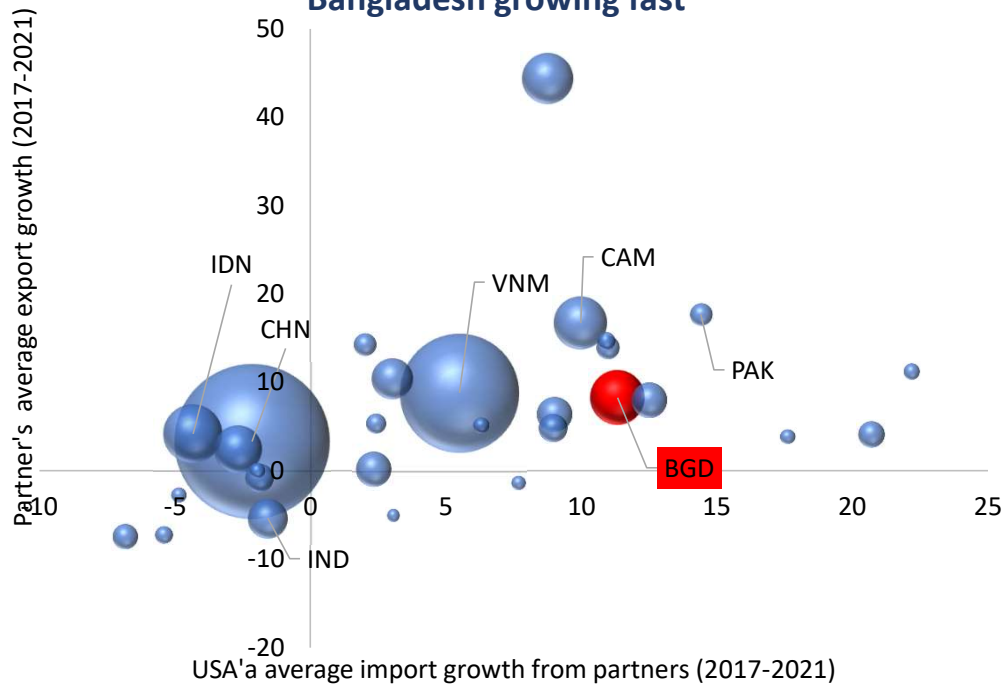


Export prospects of cotton apparels in EU market

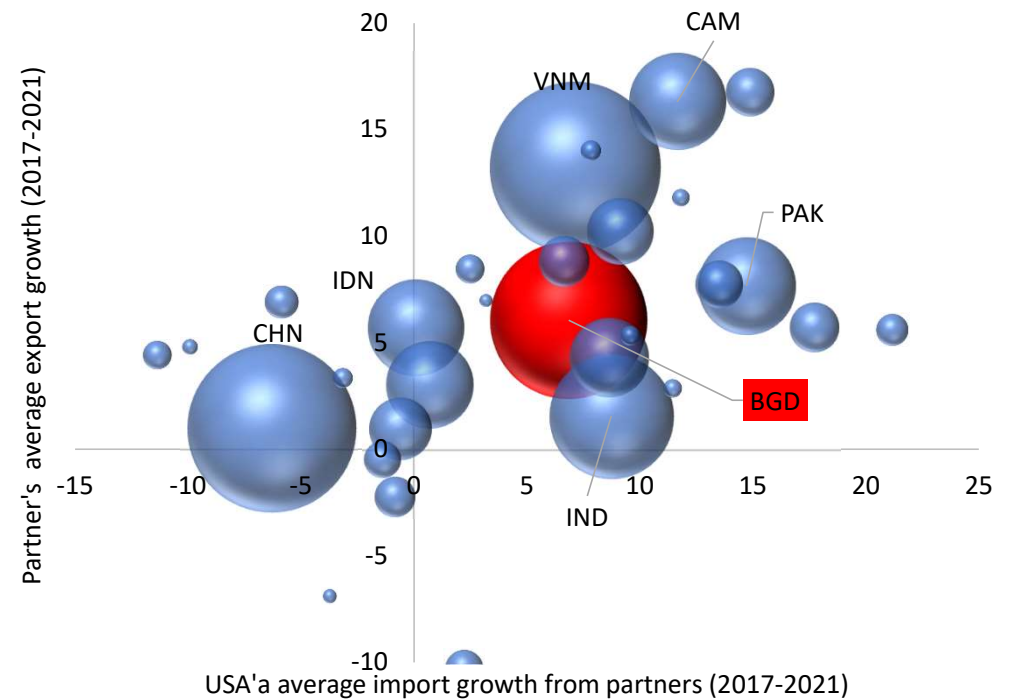


Market analysis of Bangladesh's man-made and cotton-based apparel in the US market

Export prospects of MMF apparel in US market:
Bangladesh growing fast

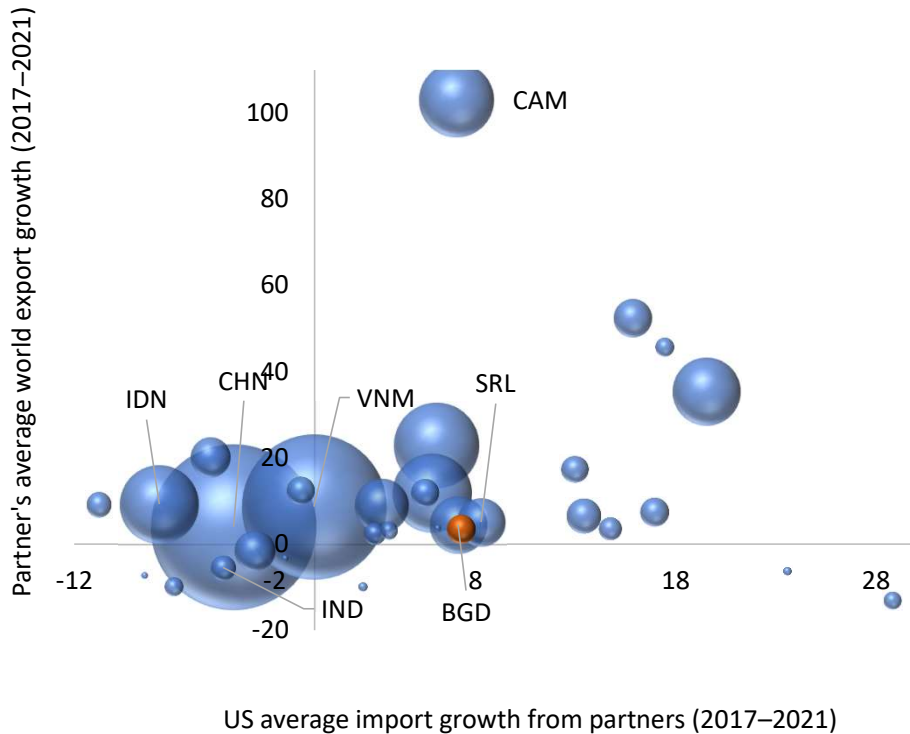


Export prospects of cotton apparel in US market

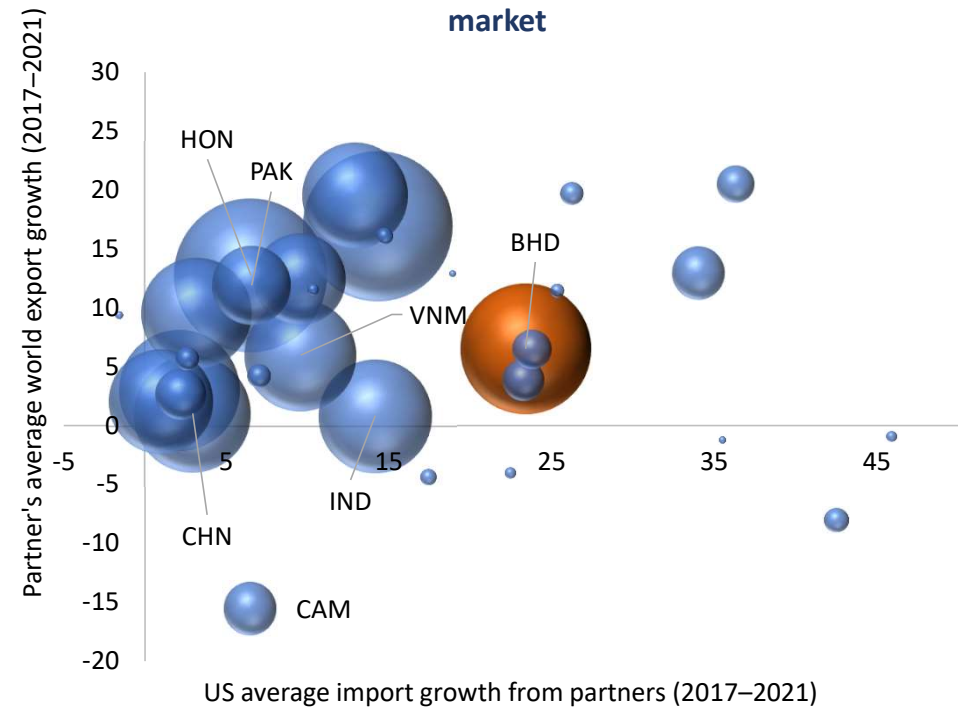


Market prospect of Bangladesh's largest man-made and cotton-based apparel in the US market

Market prospects of HS-611030 in the US market



Market prospects of HS-610910 (cotton) in the US market



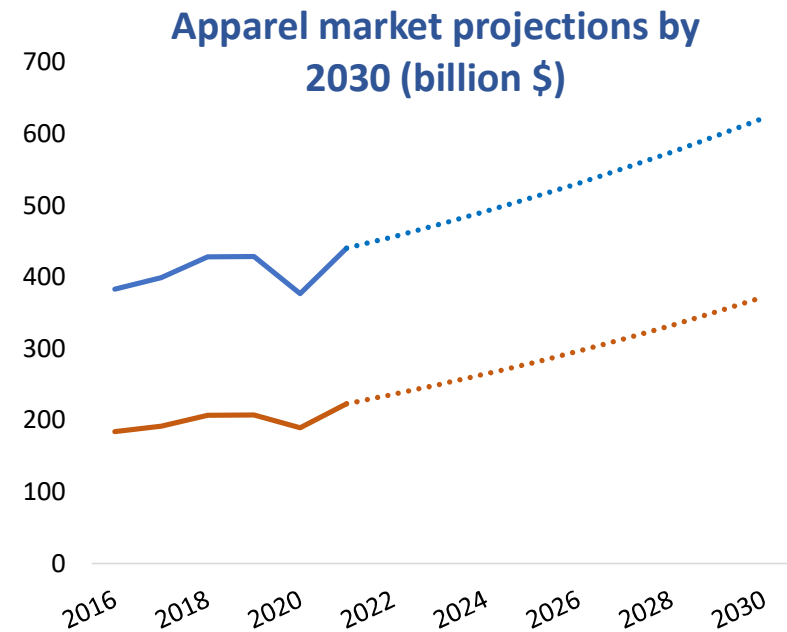
Huge export potential for Bangladesh...

\$625 billion
global apparel
market by 2030

- Considering the trend growth rate of the last decade.

\$95 billion
exports of
Bangladesh by
2030

- If Bangladesh can achieve 12% of MMF apparel market share and 20% cotton apparel market by 2030.



Use of man-made fibres increasing globally

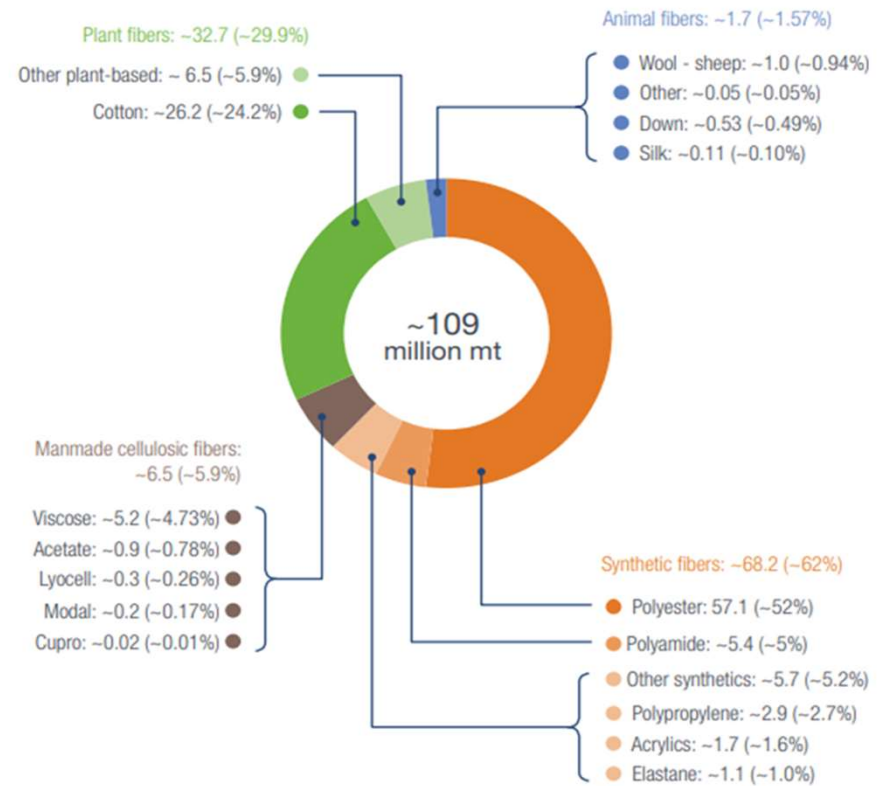
Global fiber production was 109 million tonnes in 2020

Man-made synthetic fiber accounts 68% (close to 80 million tonnes)

MMF production to reach about 110 million tonnes by 2030

MMF market to reach \$100 billion by the end of 2020s from \$62.7 in 2021 (CAGR 7%) (source: Statista)

GLOBAL FIBER PRODUCTION IN 2020
IN MILLION TONNES (+%)



Why is the demand for man-made fibre rising?

- Uncertainty in cotton production and supplies
- Price comparability
- Certain advantages – durability, water repellent, wrinkle resistance, colour retention.
- Environmental concerns
 - 2,700 litres of water needed for producing 1 cotton t-shirt; use of pesticides.
 - But there are pros and cons for both MMF and natural fibres
- Plastic recycling advantage of MMF
- Global consumption of fibre is heavily tilted towards MMF
 - This is more likely to be reflected in apparel trade as well



Policy Implications: LDC graduation and transformation of the apparel export industry

Take advantage of the remaining LDC graduation period

- BGD is expected to have significant tariff preference in the EU until 2029

In the USA, market will get diversified

- Gaining from China's falling share

Dominance in cotton apparel

- Maintaining it important, there is room for further growth

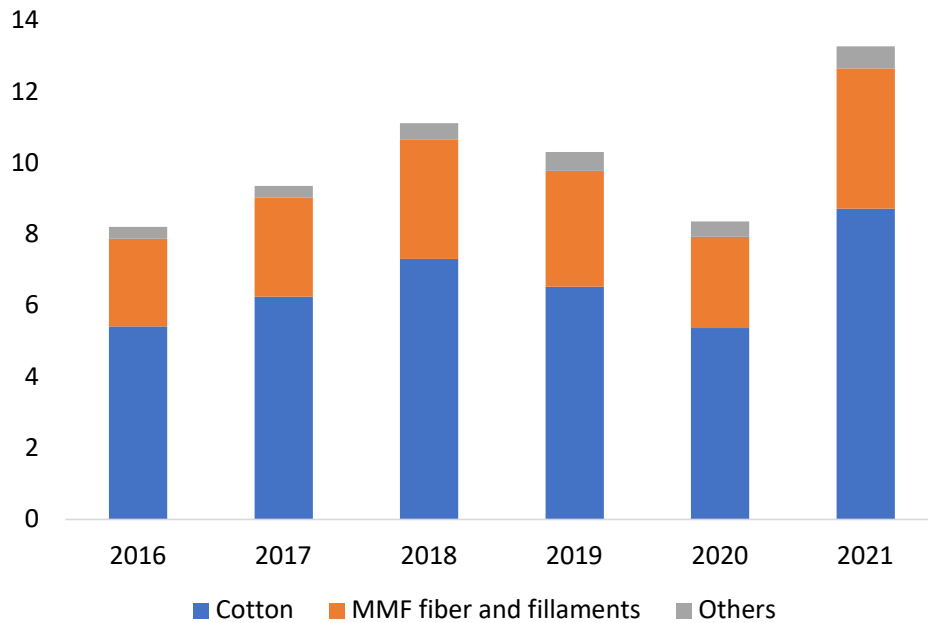
Supporting backward integration

- Role policy support before and after LDC graduation

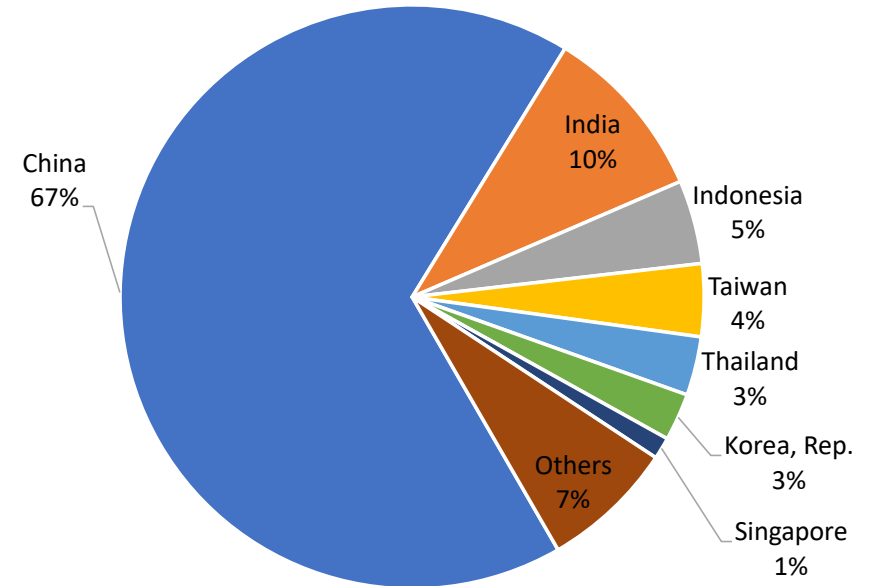


Policy implication – Bangladesh needs to build backward linkage capacity: Man-made fibres comprise around 30% of Bangladesh’s total fibrr imports – China is the largest source

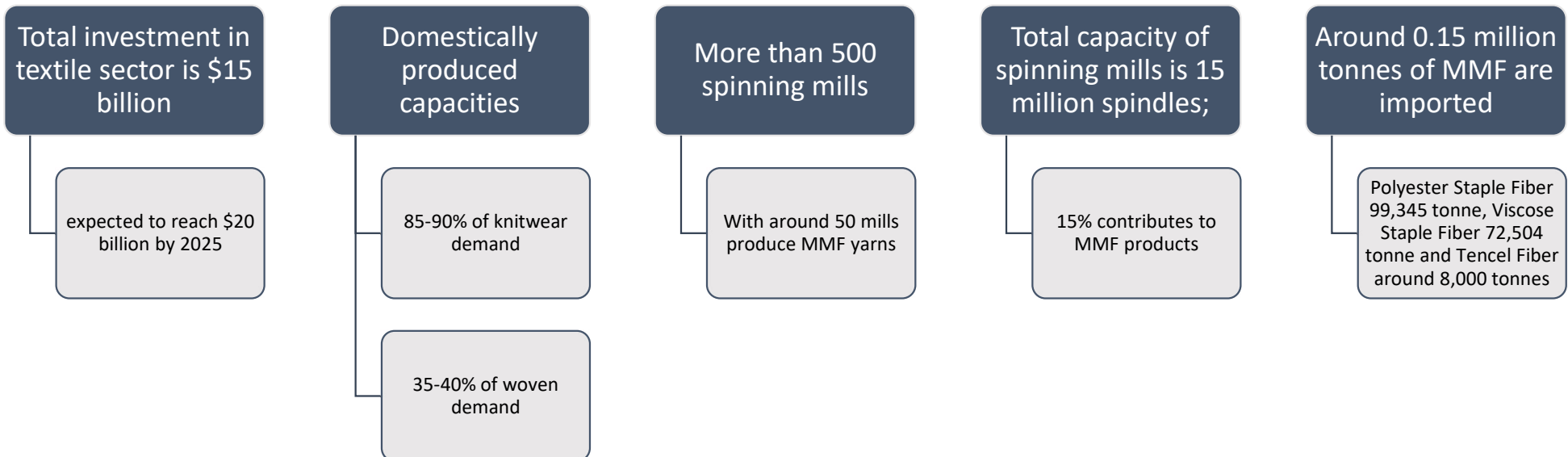
Fibre imports of Bangladesh (billion \$)



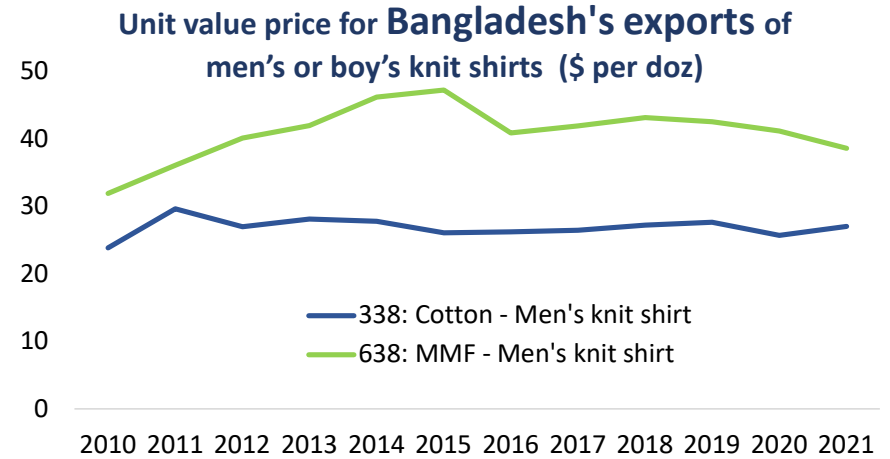
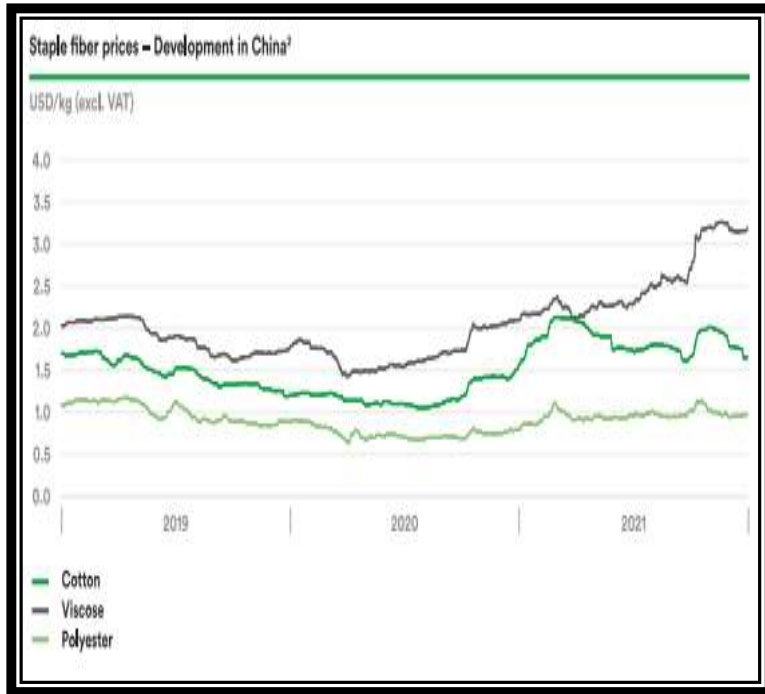
Sources of man-made fiber of Bangladesh



Policy implications: More investment in the domestic MMF sector is needed

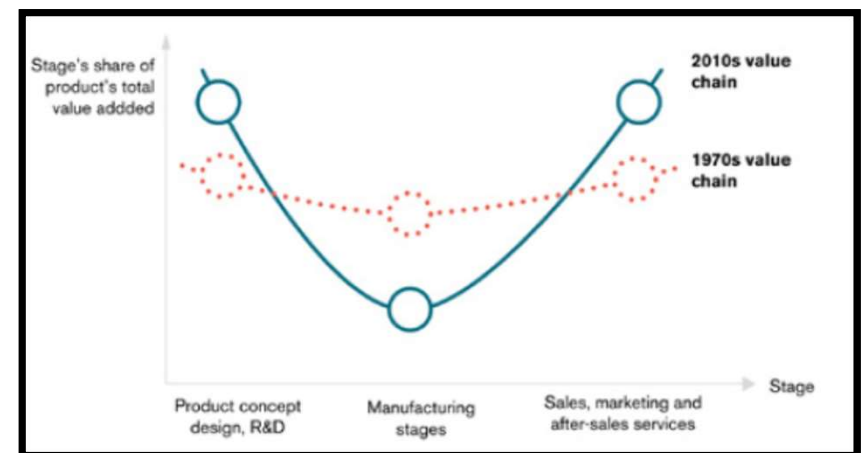
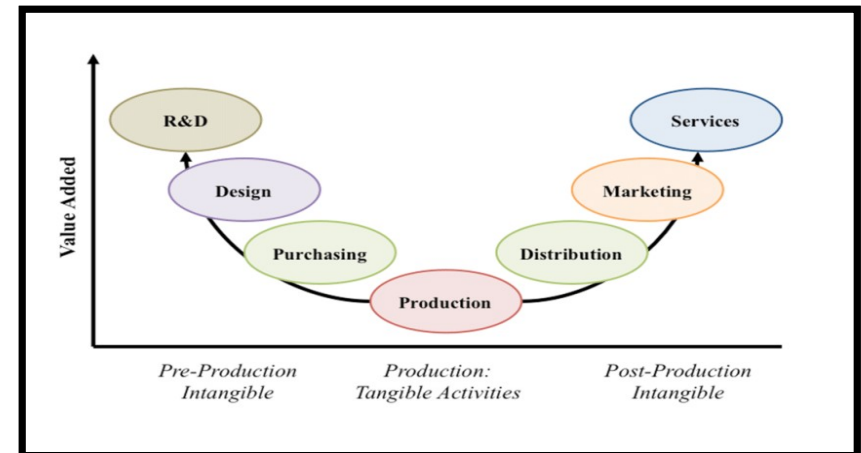


Policy Implications: Moving towards MMF can lead to improved product prices



Moving up the apparel global value chain: Can MMF help?

- Manufacturing (e.g., of cut, make and trim -CMT) is low a value-added segment
- The “smiley curve” has become steeper (means lower valued-added in mfg)
- Strengthening backward linkage for MMF can greatly help retain more value
- But getting into higher value-added segment should be medium to long-term strategy





Key issues to consider

- Maintain the dominance in cotton apparel
- MMF apparel can drive further export growth
- Taking advantage of China's declining share
- Developing strong MMF backward linkages
- Make the most of LDC privileges for the remaining few years
 - additional cash incentive for MMF apparel exports
 - create fiscal space
- Attract foreign investment in MMF textile and apparel sectors
 - Making Bangladesh as a regional MMF supply hub
- Compliance and ESG factors will influence future export performance
 - As the sector becomes bigger, it will be subject to increased scrutiny.



Thank you.