



Anhalt University of Applied Sciences
MBA-International Trade

Master dissertation

**“Cause-effect-cause-models in Strategic
Management - the case of readymade garments in
Bangladesh”**

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Abstract

The garment industry developed in Western countries was developed in 1950s. A contract, Multi Fiber Agreement (MFA) for controlling the export of RMG products in developed countries. This agreement will increase the exported country by 6% every year from the developing countries which has said by this Company. In the early eighties, Bangladesh started receiving foreign support in the RMG sector. During this time some Bangladeshi got free training from a Korean company. At the end of the training, these workers started work in other industries or on their own initiative. Beginning in the early 1980s, Bangladesh's ready-made garments started to be exported regularly to Europe and America.

The garment industry created since the late 1980s has been playing an emergent role in the economy of Bangladesh. This growing of employment generation and the acquisition of foreign currency earning sector increased every year. Bangladesh mainly exports less expensive ready made garments so that the local price merger rate is very low. By the end of the 20th century, Bangladesh's garment exports were mainly exported to North America and Europe. Since the beginning of the 20th century, The Quota system in 2005, Bangladeshi entrepreneurs continue to try to export RMG in other countries of the world and prosperity is coming. Since 2005, due to the Quota system, Bangladesh gets privileges for garment export. Bangladesh is a developing country under the rules of Origin; Bangladeshi ready-made garments have access to tax-free or reduced taxes in the countries of the European Union. Bangladesh RMG Industry need to take many actions to improve themselves and try to steps over barrier, technical standards.

The Thesis focuses on improving Bangladesh clothing's export to EU market. Bangladesh clothing's Firms have their own advantages which should be made good use in export. By analyzing Chinese clothing's current situation and many external factors, such as strong competition, standards, which have a huge influence on Bangladesh clothing export. Try to find out the proper strategies for Bangladesh Clothing's export to EU market.

Table of Contents

Abstract.....	I
Table of Contents.....	II
Abbreviation.....	IV
List of Figures.....	V
List of Tables.....	VI
Chapter 1: Introduction.....	1
1.1. Motive of study.....	1
1.2. Augmentation and Abridgement	2
1.3. Intention of Study and Formation.....	2
Chapter 2: Preface of Bangladeshi RMG.....	4
2.1. Basic knowledge about RGM.....	4
2.2. Advantages of Bangladeshi RMG.....	5
2.2.1. Sufficient Workforce.....	5
2.2.2. Women in garments industry.....	8
2.2.3: Government Support.....	9
2.3. The weakness of RMG in Bangladesh.....	11
2.3.1. Backdated Industrial & Pragmatic System	11
2.3.2. Inappropriate Labor Qualifications	12
2.3.3. Importing of raw materials.....	13
2.3.4. Some crisis and accidents.....	14
Chapter 3: Introduction of EU market and Product:.....	15
3.1. Description of product and target country in EU.....	16
3.1.1. Product Specification.....	16
3.1.2: Target countries in EU.....	17
3.2. EU Clothing Quality Standards and Regulations:.....	18
3.2.1: Must Applicable Requirements.....	18
3.2.2: Additional Requirements.....	21
3.3: Segment of Eu Clothing market:.....	23
3.3.1: High-end segment market.....	24

3.3.2: Middle range and Low-end segment market.....	24
Chapter 4: Bangladeshi RMG product in EU market.....	26
4.1: Description of exported Products from Bangladesh RMG.....	26
4.2: Demands of Bangladeshi RMG products.....	27
4.3: Name of Top retailers and Fashion brands (Importing Bangladeshi RMG).....	28
Chapter 5: Challenges and Strategy to Overcome For Exporting RMG to EU market..	30
5.1: The Challenges to Export In EU market.....	30
5.1.1: The new Generalized System of Preferences (GSP) Rules.....	30
5.1.2: Some grievous Accident in RMG factories.....	33
5.1.3: The Strong Competitors	37
5.1.4: Inter-cultural Business Etiquettes.....	41
5.1.5: Problems with Trade.....	43
5.1.6: Unstable Political Condition.....	44
5.2: Strategy for overcoming the Challenges.....	45
5.2.1: Appropriate Marketing Scheme	45
5.2.2: Work on Human Resources Management.....	48
5.2.3: Obtaining land and Utility.....	52
5.2.4: Reducing Logistics time.....	54
5.2.5: Gauging Currency Exchange Rate.....	54
5.2.6: Get Government Support	55
5.2.6: Better Understanding of EU market.....	57
5.2.7: Final Recommendation.....	58
Chapter 6 : Conclusion.....	60
References.....	61
Declaration.....	66

Abbreviation:

ATC	:	Agreement on Textiles and Clothing
ADF	:	Aim of Export Development Fund
BGMEA	:	Bangladesh Garments Manufacturers and Exporters Association
BKMEA	:	Bangladesh Knitwear Manufacturers and Exporters Association
CDP	:	Bangladesh Cotton Development Board
DIFE	:	The Directorate of Inspection for Factories & Establishments
EBA	:	Enterprise Bargaining Agreement
EDF	:	Export Development Fund
EPB	:	Export Promotion Bureau
EPZ	:	Export Processing Zone
FDI	:	Foreign direct investment
GAAT	:	General Agreement on Tariff and Trade
GDP	:	Gross domestic product
GSP	:	Generalized System of preferences
IP	:	Intellectual property
ILO	:	International Labor Organization
LSD	:	least developed Countries
MFN	:	Most Favored Nation principle
POP	:	Permanent organic pollutants.
PTS	:	Pioneering textile Sector
PVC	:	Polyvinyl chloride
REACH	:	Registration, Evaluation and Authorizations of Chemicals
RMG	:	Ready-made garments
TPP	:	The Trans-Pacific Partnership Agreement
WTO	:	World Trade Organization

List of Figures:

Figure 1.1: Formation of the Structure.....	3
Figure 2.1: Monthly Minimum Wages.....	7
Figure 2.2: Growth in Bangladesh cotton import in thousands bales	13
Figure 2.3: Incidents that affected RMG sector image badly	14
Figure 3.1: Most Export destination of Bangladeshi RMG.....	15
Figure 3.2: Main countries of origin for EU clothing Imports.....	16
Figure 3.3: Major European importers of apparel in 2014, € million.....	18
Figure 4.1: European import of t-shirts by leading exporter 2010-2014, € million.....	28
Figure 4.2: European import of jeans by leading exporter 2010-2014, € million.....	28
Figure 5.1: The growth of Garments Industry from 2015 to 2016.....	38
Figure 5.2: Labor force and productivity, 2016.....	39
Figure 5.3: Human capital Index, 2016.....	40
Figure 5.4: Muslim in Population in popular production bases.....	50

List of Tables:

Table 2.1: Trends of Urbanization in Bangladesh (1901-2011).....	6
Table 3.1: The world’s Most Valuable Luxury Brands 2018.....	23
Table 4.1: Major export product of Bangladesh	27
Table 4.2: Top retailer and Brands of EU (importing Bangladeshi RMG)	29
Table 4.3 : List of top retailers and Brands importing from Bangladesh.....	29
Table 5.1 : Trade related infrastructure	40
Table 5.2 : Modern RMG Product should have.....	48
Table 5.3 : Ease of getting electricity in Dhaka.....	52
Table 5.4 : Ease of starting a Business in Dhaka.....	53

Chapter 1: Introduction

The garment industry created since the late 1980s has been playing a cardinal role in the process of economical advancement in Bangladesh. The role of employment generation and the acquisition of foreign currency earning sector increased every year. Bangladesh mainly exports less expensive ready-made garments so that the local price merger rate is very low. By the end of the 20th century, the major portion of garment items produced by Bangladesh were exported to North America and European countries. Since the beginning of the 20th century, The Quota system in 2005, Bangladeshi entrepreneurs continue to try to export RMG in other countries of the world and prosperity is coming. Since 2005, due to the Quota system, Bangladesh gets privileges for garment export. Bangladesh is a developing country under the rules of Origin, Bangladeshi ready-made garments have access to tax-free or reduced taxes in the countries of the European Union. Bangladesh RMG Industry need to take many actions to Improve themselves and try to steps over barrier, technical standards.

1.1.Motive of study

RMG productions of Bangladesh have different types of unparalleled amenities and the RMG sector is flourishing each day gradually as the influential earner of foreign currencies for the country.

Most of the European countries and their RMG markets are most targeted exporting field for RMG industries of Bangladesh, EU market and for the highest export achievement Bangladeshi RMG Industries have nothing but the appropriate quality performances in European market. In spite of having maximum capabilities the RMG industries of Bangladesh still have some system gaps between European market and those are actually main barriers for BD RMG industries to reach their highest export goal in EU Market! European market actually always pay attention on some extraordinary factors of the whole production process of RMG products like Ecological safety and other technological issues relevant to the process those are really high level requirements for the Bangladeshi RMG Industry as developing industry in this sector. Bangladeshi counterpart has already started their professional development with the cooperation exercise of EU Market specialists but they must have to try more to bring out the success fast. Limitations are very common for every business but to overcome these is the best way to achieve the goal and Bangladeshi RMG Industry has that capabilities.

The dissertation provides information on the activities and strategies that Bangladesh RMG Industries should take to improve its export situation in EU market.

1.2. Augmentation and Abridgement

1. All these reports are emphasizing on the augmentations and abridgements of Bangladeshi RMG Industry and since the major facts are identified, the BD RMG Industry can easily try to overcome these to export highest products to European Market.

2. In this analytical study European RMG market is the destination of Bangladeshi RMG Manufacturers and according to all these analysis as first party manufacturers they must have to fulfill the demands of all European countries customers and the local sellers with a comprehensive and workable business strategy.

1.3. Intention of Study and Formation

This dissertation figures out some major factors of both Bangladeshi and European RMG Markets such as export strategies of Bangladesh side, ongoing status like the strength and weakness of Bangladeshi RMG industry along with the demanded products quality and standard by the European RMG market with the real time competition graph in EU market.

Chapter 1: Motive of study of the dissertation.

Chapter 2: States some analytical briefs on RMG Industries mainly focused on the maximum uses of strength that they already have and the weak points that they need to overcome for maximum export capability to European Market.

Chapter 3: Depicts about the standard requirements of EU RMG market that have to be fulfilled by Bangladeshi RMG Manufacturers

Chapter 4: Clear analysis about RMG products Situation in EU product. It will discuss about the products qualities, prices, sizes etc in European RMG.

Chapter 5: According to the different climates and cold weather most of the time of the year every type of RMG product is mostly necessary in European market. As a result there are more challenges and problems. This chapter depicts the challenges and the prospective ways to overcome it.

Chapter 6: Conclusion of the study report based on quondam analysis.

Formation of the dissertation

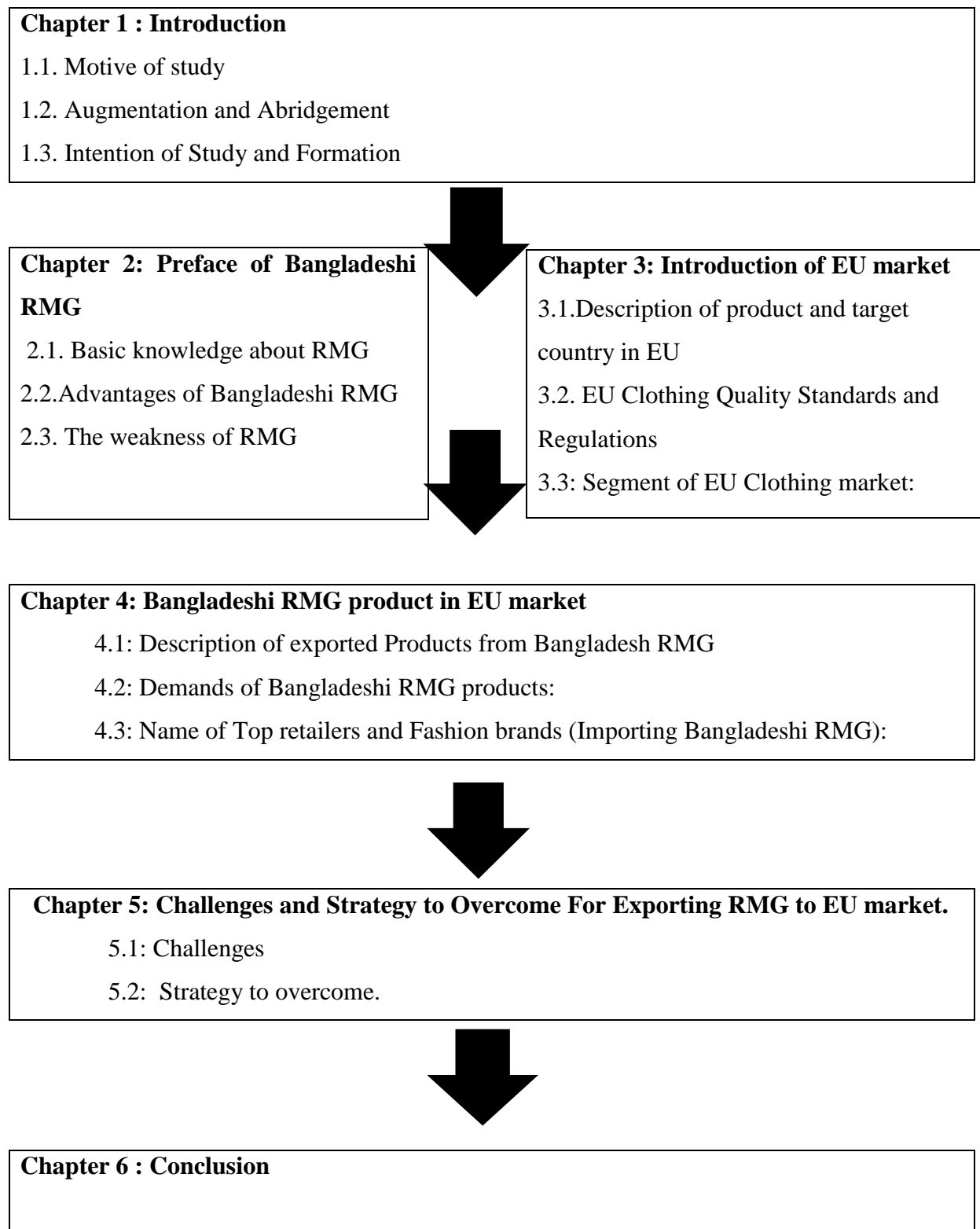


Figure 1.1: Formation of the Dissertation¹

Source : Own Collection

¹Own Compilation

Chapter 2: Preface of Bangladeshi RMG

2.1. Basic knowledge about RGM

Bangladesh offers a single source of growth in textile and clothing industries in the rapidly developing economy of Bangladesh.² Export of textiles and Ready-made Garments Products are premier sources of foreign exchange earning of Bangladesh. In 2002, the export of clothes, ready-made garments (RMG) and other garments items was 77% of the total merchandise exports of Bangladesh.³ Bangladesh obtained the 2nd place where as China obtained 1st place in producing garments items in the year of 2016.⁴ Last few years actually Bangladesh is the second-largest clothing manufacturer and exporter of almost all famous western fashion brands. Bangladeshi RMG Industry achieves total 60% of the export contracts from European buyers and the rest of the 40% from American buyers.⁵ Though 5% of textile factories on Bangladesh are owned by foreign investors but most of the productions are controlled by local investors.⁶ The RMG industry of Bangladesh generated US\$28.14 billion in the financial year of 2016-2017, that was 80.7% of the total export earnings and 12.36% of the GDP; the RMG industry of Bangladesh was also practicing green manufacturing systems.⁷

Bangladeshi Clothing Industries are an important part of the trade corporation. As an open trade regulator of Bangladesh's garment industry, it talks about more effective support than an encouraging foreign aid. Appliances as a quota through tariff relieving assistance to clothing (ATC) and everything but weapons (ABA) and the US 2009 garment market worldwide have benefited ready-made garments (RMG) entrepreneurs in Bangladesh. In the year of 2012 Textile industry of Bangladesh contributed 45% of the total art works of the country, but that was only 5% of the total national income.⁸ After unfortunate destroying of many factory building by fire explosion and collapses, Bangladeshi RMG industry lost its thousands of well trained workers through their so unexpected premature death and the Bangladeshi textile

²"Reproductive Health and Rights is Fundamental for Sound Economic Development and Poverty Alleviation," United Nations Population Fund. Retrieved 9 June 2009.

³"Textiles on the WTO Website". *WTO Secretariat*. Archived from the original on 3 November 2008. Retrieved 29 October 2008. http://www.wto.org/english/tratop_e/texti_e/texti_e.htm

⁵ Paul, Ruma; Quadir, Serajul (4 May 2013). "Bangladesh urges no harsh EU measures over factory deaths". Dhaka: Reuters <https://www.reuters.com/article/2013/05/04/us-bangladesh-factory-idUSBRE94304420130504>

⁵ Garment industries in Bangladesh and Mexico face an uncertain future". *Textiles Intelligence*. 15 October 2003. Retrieved 7 August 2009. <http://www.textilesintelligence.com/til/press.cfm?prid=317>

⁶ Hossain, Latifee, Md. Sajib, Enamul Hafiz (6 August 2017). "Readymade garment industries going green". *The Financial Express*. International Publications Limited. <http://www.thefinancialexpress-bd.com/2017/08/06/79126/Readymade-garment-industries-going-green>

⁷ Hossain, Latifee, Md. Sajib, Enamul Hafiz (6 August 2017). "Readymade garment industries going green". *The Financial Express*. International Publications Limited. <http://www.thefinancialexpress-bd.com/2017/08/06/79126/Readymade-garment-industries-going-green>

⁸ Lawrence B. Lesser. "Historical Perspective". *A Country Study: Bangladesh* (James Heitzman and Robert Worden, editors). Library of Congress Federal Research Division (September 1988). This article incorporates text from this source, which is in the public domain. About the Country Studies / Area Handbooks Program: Country Studies - Federal Research Division, Library of Congress. <http://lcweb2.loc.gov/frd/cs/bdtoc.html>

industry and its buyers faced with unbearable criticisms. Many employees involved in security breaches, law enforcement agencies and other government organizations are working to improve safety standards. Participation of women in this debate is more important because some argue that textile industry has become an important economic security for hundred thousand of women in the country and others emphasize that women are unarmed textile workers and thus suffer from the inadequacy of such accidents.⁹

2.2. Advantages of Bangladeshi RMG

Bangladesh Clothing industry has a long history which allows the industry accumulates many experiences. It has many unique advantages for clothing production. At present, Clothing industry is the most market-oriented industry in Bangladesh which experiences the open competition and is closest to markets.

Bangladeshi RMG Industry is one of its most important economic development sectors, with nearly 80% of its exports and more than 10% of its GDP products.¹⁰ This flourishing sector always contributes maximum to the national economical development of Bangladesh, creating jobs and attracting FDI, launching infrastructure projects, and providing other related business opportunities. As a result, per capita income of the country increased from 280 dollars in 1990 to \$ 838, almost 300% increase.¹¹

2.2.1. Sufficient Workforce

Clothing industry is labor intensive industry. Necessary facilities for Labors can only ensure the highest quantity of quality productions in a stable environment. Bangladesh is the eighth most populated country and the second largest garment exporter country in the world. By providing the minimum wage level and its very labor-intensive labor in the region, Bangladesh as a garment manufacturing base ensures its status as the second leading supplier of high quality, ready-made garments (RMG) in the world. For the past two decades, many foreign companies now have their own export-oriented production factories in Bangladesh. At present, Bangladesh is on the process of urbanization. As the developing speed, Bangladesh still has a long way to achieve the target.

At 2011, Bangladesh has 28.37% of urbanized.(see table 2.1)

¹⁰Richard Maxwell Eaton (1996), The Rise of Islam and the Bengal Frontier, 1204-1760, page 202, University of California Press, John F. Richards (1995), The Mughal Empire, page 202, Cambridge University Press. https://books.google.de/books?id=gKhChF3yAOUc&pg=PA202&redir_esc=y#v=onepage&q&f=false

¹⁰Bangladesh garments Industries; recent development and outlook | Hnog Kong Means Business, 03-08-2013: <http://hkmb.hktdc.com/en>

¹¹ Bangladesh garments Industries; recent development and outlook | Hnog Kong Means Business, 03-08-2013: <http://hkmb.hktdc.com/en>

Table 2.1: Trends of Urbanization in Bangladesh (1901-2011)

Year	Urban Population (in million)	Rural Population (in million)	Percentage Urban	Urban annual exponential growth rate (per cent)	Rural annual exponential growth rate (per cent)	Urban Rural Growth Differential (AEGR)
1901	0.70	28.23	2.43	--	--	--
1911	0.81	30.75	2.56	1.39	0.86	0.54
1921	0.88	32.38	2.64	0.85	0.52	0.33
1931	1.07	34.53	3.02	2.00	0.64	1.36
1941	1.54	40.46	3.66	3.59	1.58	2.01
1951	1.82	40.24	4.33	1.69	-0.05	1.74
1961	2.64	48.20	5.19	3.72	1.80	1.92
1974	6.27	65.21	8.78	6.66	2.32	4.33
1981	13.54	73.58	15.54	10.99	1.73	9.26
1991	22.46	89.00	20.15	5.06	1.90	3.16
2001	28.61	95.25	23.10	2.42	0.68	1.74
2011	42.70	107.80	28.37	4.01	1.24	2.77

Source: Government of Bangladesh: Bangladesh Population Census, 1991.BBS, 2003 1981: Report on Urban Areas, 1997; and Preliminary Report.¹²

Bangladesh still has along way to reach developed countries urbanization rates. As we know that urbanization always attracts and invites people living in the rural areas to migrate in big city with job and in this way Bangladeshi RMG Industry can get expected numbers of quality labors and the labors can get the chance to live a happy life with job and families. And the number still increases as the development of Urbanization. It can be described that the labors quantity are more than enough.

For the over population of Bangladesh it is easy to gather more and more labors at comparatively low labor salaries. Bangladesh RMG workers receive much lower salaries than many other developing and developed countries and this leads to make buyer friendly production cost that is very important point for both Bangladeshi RMG Industry and European Buyers. 800\$ was the Monthly Minimum Wages in Hong Kong as the top wages rate of top RMG exporting countries in the year of 2013 while only 68\$ was monthly wages rate from Bangladeshi RMG Industry as the lowest rate of wages. (Figure 2.1)

¹² Government of Bangladesh: Bangladesh Population Census, 1991.BBS, 2003 1981: Report on Urban Areas, 1997; and Preliminary Report.https://www.google.de/search?q=urbanization+in+Bangladesh&source=lnms&tbm=isch&sa=X&ved=0ahUKEwjYYS1r_HZAhVLPFAKHw2zDAwQ_AUICigB&biw=1366&bih=662#imgdii=POlfvA7onzvzhM:&imgsrc=e7R-kp8-wslZOM

MINIMUM WAGE, BY COUNTRY

Monthly minimum wages (or lowest relevant rate) in the garment industry in top apparel-exporting countries, in U.S. dollars

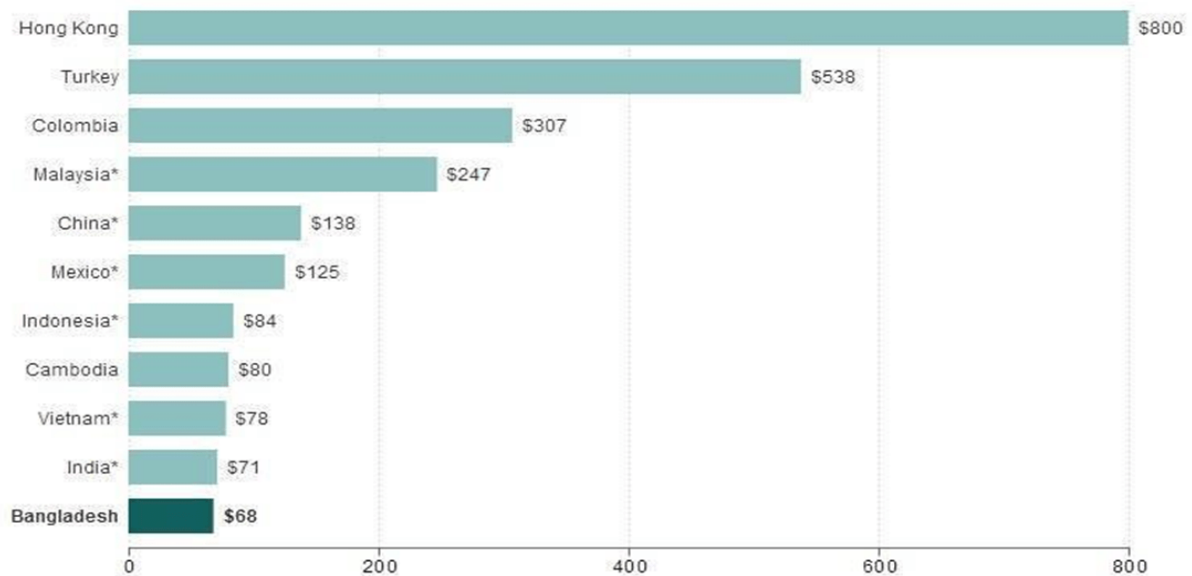


Figure 2.1: Monthly Minimum Wages (in USD) in garment industry of top apparel-exporting countries. (Bangladesh, Cambodia as of 2013)¹³

Though Bangladesh labour salaries are lowest labour salaries in garments industry of top exporting countries. And also the clothing labours working skills and efficiency are higher than many developing countries. In Bangladesh clothing industry, most worker has received related Trainings. So they can work efficiently, compared with many other countries. Bangladesh clothing labours are the skillfull workers with low salary.

Because of the higher population, Bangladesh has a great number of workers. And it is also only one place for uneducated woman to work. Now days so many families comes from village to Cities for fulfill their basic needs. And garments sector are their main target to work. They get job in garments very easily. Because of their low demand of salary and for fulfill the high demand of production target. Whose people don't know anything, they work for packing, leveling means as helper. After that, they get training for free from the company. After almost 3-6 month letter, they operate machine.

Bangladesh's neighbor, such as India and China, also has low salary and sufficient labors resource advantages. Bangladesh clothing Industry can make the good use of resource. These countries are Close to Bangladesh and share the similar culture with Bangladesh. So it is

¹³ Titumir, Rashed Al Mahmud (18–19 August 2003). Spinning the Chain: Lost in the Queue: International Restructuring and Bangladesh Women Garment Workers Global Trade Regime and Women Employment: Dynamics, Dilemmas and Downturns. Dhaka. Archived on 23 September 2007. https://en.wikipedia.org/wiki/Textile_industry_in_Bangladesh#cite_ref-internationalrestructuring2003_59-0

convenient for Bangladesh clothing factories build production plants in these countries. Bangladesh clothing factories and neighbor countries can also make win-win situation during the corporation. It will be the great use of labors.

In a word, because of Bangladesh current situation and some actions Bangladesh clothing companies taking. Bangladesh industries low salary labor advantages will still lasts for a long time. And these advantages will give Bangladesh clothing industry strong support in international competition.

2.2.2. Women in Garment Industry

In Bangladesh basically male based society. Most of the women are not allow working outside. But garments industry gives a great opportunity to work in this sector. In garments factory, woman start working from 1980s with 50,000 number of worker. Then it's going up and up. Now it probably lies over the 3 million.¹⁴ In reality participation of female workers in national economy was minimum in Bangladesh and her flagship export-oriented ready-made garment industry. However, nowadays 90 percent of the work force is female labors and it is the best source of cheap and flexible female labor in the country¹⁵

In the year of 2001 Bangladeshi RMG industry was driven by about 3 million workers 90% of the total was female labors.¹⁶ The garment sector stand with the largest employer of women in Bangladesh in 2004.¹⁷ As a result of the development process in 2013 about 4 millions people were actively working in more than 5000 RMG factories accross the country and 90 percent of the total workforce was female.¹⁸

The garment sector has taken necessary steps to employ maximum numbers of female workers most of whom are almost uneducated but efficiant as very fast learner.As a result these women got scope to prove their efficiency and proficiency in both workplace and family that is an amaging example for new social security and respect to this great female RMG female workforce of Bangladesh because they are also contributing in family and in national economy.

¹⁴ Uddin, Mohammad Nazim. "Role of Ready-Made Garment Sector in Economic Development of Bangladesh". *Journal of Accounting, Business & Management*.21

¹⁵ Titumir, Rashed Al Mahmud (18–19 August 2003). *Spinning the Chain: Lost in the Queue: International Restructuring and Bangladesh Women Garment Workers* Global Trade Regime and Women Employment: Dynamics, Dilemmas and Downturns. Dhaka. Archived on 23 September 2007. https://en.wikipedia.org/wiki/Textile_industry_in_Bangladesh#cite_ref-internationalrestructuring2003_59-0

¹⁶ Begum, N. (2001). "Enforcement of Safety Regulations in the Garment Sector of Bangladesh: Growth of Garment Industry in Bangladesh, Economic and Social Dimension". *Proceedings of a National seminar on ready-made garment industry*: 208–226. https://en.wikipedia.org/wiki/Textile_industry_in_Bangladesh#cite_ref-60

¹⁷ Ahmed, Fauzia Erfan (Summer 2004). "The Rise of the Bangladesh Garment Industry: Globalization, Women Workers, and Voice". *NWSA Journal*. **16** (2): 34–45. <http://muse.jhu.edu/article/17123>

¹⁸ "Garment Workers in Bangladesh." Archived June 5, 2011, at the Wayback Machine. http://www.thecommonwealth.org/gtinformation/164419/164436/164438/garment_workers_in_bangladesh/

Most of the women comes from low level family. Their demand and qualities also low. So their salary is very low level. After having a very low level of salary they also want to work in this industry. Because they dont have any other option to earn money. And now a days womans from rural area coming to do this job to contribute their family financially. So it's a very huge opportunity for garments sector to get easily and low cost worker. Its make its production cost low also.

2.2.3: Government Support:

RMG sector is very important part for Bangladesh Economy. Clothing industry is the most market-oriented industry in Bangladesh which experiences the open competition and is closest to markets. Bangladesh as a fast growing developed country gained a prospective position in global RMG manufacturing and exports field, with nearly 80% of its exports and more than 10% of its GDP products.¹⁹ So Bangladesh government gives lots of supports to it. These supports including:

1. Financial Support:

Foreign buyers are very happy with the price and qualified Bangladeshi RMG products. They are currently very concerned about the fatty treatment of colors and chemicals in Bangladesh. In present circumstances it is a burning standard for all buyers. They are strictly following it. The Bangladeshi government has made a big decision to meet the needs of the buyers. As a result, the central bank of Bangladesh has financed less than US \$ 500 million in last contribution to sustainable technology development in the country's readymade garment industry.²⁰ A reputable news portal 'The Daily Star' has reported that those funds are belonging to the current Export Development Fund (EDF) in the \$ 1.5 billion.²¹

The main aim of the Export Development Fund (EDF) is to address the environmental challenges of Bangladesh's textile industry, which includes toxic discharges in its textile dyeing and use of waste water in the process of completion, as well as surface and underground water. If it is done properly, it will be effective for especially Bangladeshi environments for Dhaka and Chittagong. Regarding the importance of this, Governor of

¹⁹ Bangladesh garments Industries; recent development and outlook | Hnog Kong Means Business, 03-08-2013: <http://hkmb.hktdc.com/en>

²⁰ Latest News of Textile, Garments and Faison.' Bangladesh Government Supports \$500M to RMG Sector' <http://textiletribune.blogspot.com/>

²¹ Latest News of Textile, Garments and Faison.' Bangladesh Government Supports \$500M to RMG Sector' <http://textiletribune.blogspot.com/>

Central Bank of Bangladesh Mr. Atiur Rahman proposed a conference at the Policy Research Institute of Bangladesh at Dhaka that the development fund will be included in the country's five-year plan and eco-friendly investment is very important. By 2021, Bangladesh will reach its \$ 50 billion export.²²

Market experts say that the production of green textile products is very important for the long-term stability of Bangladeshi RMG business in the foreign market.

2. Policy and New Funds:

The government of Bangladesh has finally decided to export all readymade garments (RMGs) products with the central funding of Ministry of Labor's and in this way the total RMG Industry has come under control of the respected ministry. In case of any accidental serious injury or death in the workplace RMG workers or their children will be compensated 300 thousand Bangladeshi Taka (BD CURRENCY) and 200 thousand BD Taka for any unexpected death or physical injury outside the workplace form the fund of Labor ministry formed to ensure emergency financial support to the families of RMG workers.²³

During addressing a welfare check handover ceremony at Dhaka to 233 families of dead and fatally injured RMG workers, Honorable Prime Minister of Bangladesh Mrs Sheikh Hasina has declared that all garment exporters has already brought under central funds by the Ministry of Commerce as the execution of Prime Minister's order in this regard. For the welfare of the workers, the central fund of the Ministry of Labor was made in the form of export industry of 0.03% for the welfare of workers under BGMEA and BKMEA.²⁴ For establishing the labor welfare by the top organizations of the Garments and Knitting organizations of the country, they were specially thanked by the honorable Prime Minister. She suggested all authorized and responsible persons to complete this work of developing a database of RMG workers by utilizing of the allotted fund. The Prime Minister also requested all workers to take adequate precautions avoiding all types of unexpected incidents and blue prints in the industry by the induction of external criminals. Prime Minister Hasina confirmed that the labor law has been already amended as part of steps taken for the welfare of the labors

²² Latest News of Textile, Germents and Fasion. ' Bangladesh Government Supports \$500M to RMG Sector'

<http://textiletribune.blogspot.com/>

²³ Dhaka Tribune. PM: Govt bringing all RMG industries under central welfare fund: 11:58 PM August 27, 2017, <http://www.dhakatribune.com/bangladesh/2017/08/27/pm-rmg-industries-central-welfare-fund/>

²⁴ Dhaka Tribune. PM: Govt bringing all RMG industries under central welfare fund: 11:58 PM August 27, 2017, <http://www.dhakatribune.com/bangladesh/2017/08/27/pm-rmg-industries-central-welfare-fund/>

of all sectors. General RMG workers are the fuels of Bangladesh RMG Industry and they are the souls of all factories. Bangladesh government is emphasizing on the developing deep friendly relationship between the factory owners and the general workers. Prime minister Hasina hopefully welcomed garment factory owners and workers to continue their progress in the welfare process of workers and their families. Shaikh Hasina suggested that the workers should be benefited by some yearly profits of the factories they are working in. She ordered the safety & security departments of RMG Industry along with the Industrial Police to work more sincerely ensuring the proper safety & security of the RMG Factories and Workers.

Sheikh Hasina expressed that the workers' minimum wages have been increased from Tk 3,000 to Tk 5000 in the programs of the administration taken in the interest of the RMG sector.²⁵ In the current fiscal year, she said that in the budget, the proposal was reduced by 1%, but the advance tax for RGR industries reduced by 0.70%.²⁶ The income tax rate for the green industry is reduced from 20% to 20% for other industries and 12% to 12%. Reduction of raw materials in the default building and fire extinguishing equipment has been reduced by 5%.²⁷ In a word, government tries their best to improve clothing industry's development and try to help clothing companies get a good position in clothing export market.

2.3. The weakness of RMG in Bangladesh:

As the global clothing/textiles/RMG industry is developing everyday at a high developing speed, the Bangladeshi RMG Industry are being asked to learn and fulfill new high quality requirements by the global buyers from, Europe, America and others. There are some of exposed weaknesses in the manufacturing and export field but hopefully Bangladeshi RMG Industry is overcoming these.

2.3.1. Backdated Industrial & Pragmatic System

Bangladesh obtained the second leading manufacturing contry in global RMG Industry where there is first leading position is lead by China. China is a bit advance than Bangladesh regarding some technical and technological advancement but the quality of RMG productions are similar in most of the field. Actually Bangladeshi RMG Industry arefacing some lackings

²⁵ Dhaka Tribune. PM: Govt bringing all RMG industries under central welfare fund: 11:58 PM August 27, 2017, <http://www.dhakatribune.com/bangladesh/2017/08/27/pm-rmg-industries-central-welfare-fund/>

²⁶ Dhaka Tribune. PM: Govt bringing all RMG industries under central welfare fund: 11:58 PM August 27, 2017, <http://www.dhakatribune.com/bangladesh/2017/08/27/pm-rmg-industries-central-welfare-fund/>

²⁷ Dhaka Tribune. PM: Govt bringing all RMG industries under central welfare fund: 11:58 PM August 27, 2017, <http://www.dhakatribune.com/bangladesh/2017/08/27/pm-rmg-industries-central-welfare-fund/>

of having and operate modern updated RMG technologies and machineries in production process. There are some specific lists below:

1. Lack of appropriate machinery applications that are essential in these days to ensure the best quality production in fastest time. Besides, unavailability of emergency spare parts of the backdated machines are reducing the production efficiency of the factories.
2. Backdated machineries, below standard productivity, unsustainable power supply, political and labour unrest in the RMG manufacturing sector.
3. Ongoing financial crisis in the RMG Industry.
4. Emulation of alternative synthetic items in the international & domestic market
5. Below standard price of RMG products in the overseas markets.
6. Lack of skilled designers, labors and quality controllers leads to production of inferior quality products that are actually responsible for resulting in loss of competitiveness in the global export market.
7. Most of the local RMG Factory owners, buying house owners and exporters have no idea about ongoing global market development policies and this is the big lacking to reduce potential business opportunities in Global RMG Market.
8. Lack of acquaintance of Bangladeshiclothings in the domestic market. There are many type of technical problems in Bangladesh has already shown. Which is the main challenges have to overcome to get the main target of Export.

2.3.2. Inappropriate Labor Qualifications

What type of product will produce from a manufacturing company, Its totally depend on employees qualification. So it's also applicable in RMG sector and also very vital element for making standard product. Because, mainly RMG expot their product to Foreign. To export product Europe or USA, It has to maintain the rules and regulation about standard of production. So its clear that, Labour qualification is the most important matter in a product life cycle. From many years ago, RMG industry is know industry for Bangladesh. Many people live their life to work in this sector. Recently RMG sector in the world are improving, and also the demand of product's standard increasing. But the qualifications of the RMG labour are not increasing. They don't have any proper education or training. They learn from their seniour worker. Just like a concequive procedure.

Many of people work or provide services for clothing industru, but a few people have a better understand for this Industry, especially when they face the international compitition then can understand that what lacking they have. The qualities demand for EU market are very high.

And to reach this position , Bangladesh needs a high qualified worker team. They also dont have any oppurtunity to get the proper training. Many of the women comes from village to fulfil their baxis needs. And they actually dont have any eduaction. Bacially they are housewife. At first they strat theis job as a helper. After 3/6 month letter, they opporate the machine without any training. Its depend on whatever they learn from thei college for the last 3/6 month. So, the worker actually dont have any proper training.

To deliver a standard product , labour qualification is very considerable for RMG sector. Most of the employees come from village and most of them are women (Normaly village woman are not allowed to work outside of house). They come to City to work. And strat work in RMG factories without any training and ripeness. It's the total view of full RMG sector of Bangladesh. But it need to be change because the demand of importer countries are increasing.

2.3.3. Importing of raw materials:

Between 2021, Bangladesh has a necessary issue for reaching export target of 50 billion dollars and for pioneering textile (mainly spinning) sector (PTS) aimed at global leadership in textile and clothing, durable and strong backward linkage.²⁸As textile industry is mostly cotton-based industry, industries cannot remember a moment in the case of the Quacking Industry without optical fiber optical supply.

Despite being an agricultural country, Bangladesh can fulfill only 1% of its cotton demand. Understanding the importance of cotton cultivation, Bangladesh Cotton Development Board (CDP) is trying every day to improve cotton cultivation.²⁹ Although the levels of the sown areas remained unchanged in FY 2011-12, 125,000 cannabis from 5% of production will be planted in 43,000 hectares (HA) in 2017/18, but the production is expected to increase by 130,000 bales, because long-stop American Different ways to increase the usage of the Appellant.³⁰ Currently it is the world's largest cotton importing country, it is generally imported cotton from India, CIS country, USA and African countries. According to the latest

²⁸ Md. Imranul Islam , Textile Today, Rationalization of Bangladesh cotton import, August 26, 2017 <https://textiletoday.com.bd/wp-content/uploads/2017/10/textile-today-logo.png>

²⁹ Md. Imranul Islam , Textile Today, Rationalization of Bangladesh cotton import, August 26, 2017 <https://textiletoday.com.bd/wp-content/uploads/2017/10/textile-today-logo.png>

³⁰ Md. Imranul Islam , Textile Today, Rationalization of Bangladesh cotton import, August 26, 2017 <https://textiletoday.com.bd/wp-content/uploads/2017/10/textile-today-logo.png>

data, 46% of the total cotton comes from India and 20% in the African region and various cotton cultivation industries.³¹ Cotton import figures are given below for several years:

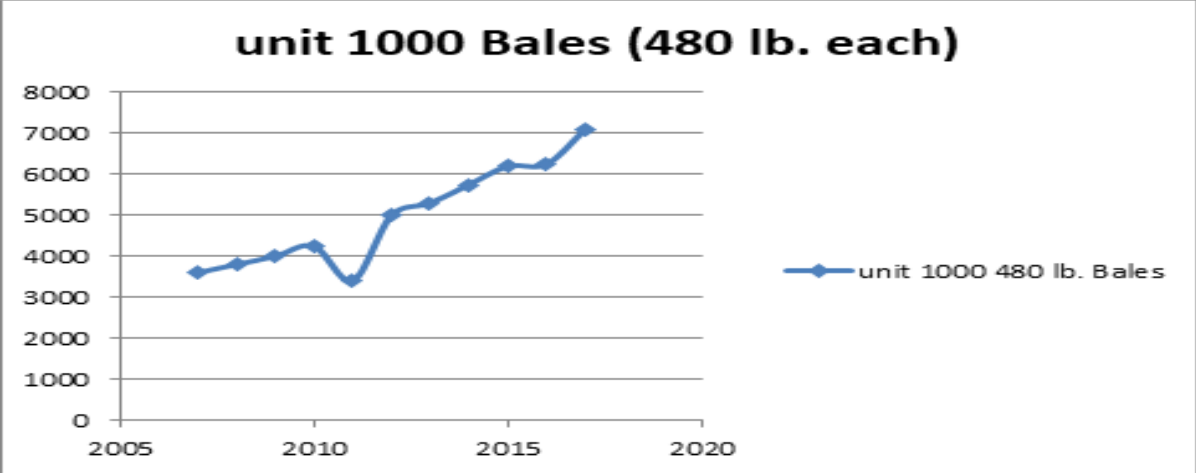


Figure 2.2: Growth in Bangladesh cotton import in thousands bales.³²

It's a very big issue that , as a second RMG exporting country has only 1% of ability to fulfill the cotton demand . Day by day, the demand is increasing. And we don't have enough materials.

2.3.4. Some Crisis and accidents:

In 2008 with the withdrawal of the economic crisis, the fatal fire accident of Tazreen Fashion Factory, collapsing a big garment factory named Rana Plaza, the Trans-Pacific Partnership Agreement (TPP) and the Generalized System of



Figure 2.3: Incidents that affected RMG sector image badly.³³

³¹ Md. Imranul Islam , Textile Today, Rationalization of Bangladesh cotton import, August 26, 2017 <https://textiletoday.com.bd/wp-content/uploads/2017/10/textile-today-logo.png>

³² Md. Imranul Islam , Textile Today, Rationalization of Bangladesh cotton import, August 26, 2017 <https://textiletoday.com.bd/wp-content/uploads/2017/10/textile-today-logo.png>

Preference (GSP), the tremendous success of Bangladesh's garment sector has been facing some problems. Recently some new problems and propaganda are arising in the global export-import RMG market about some recent accidents and unrest in the Bangladeshi RMG Industry and the are listed below:

1. The new president's foreign trade policy threatens extra tax in addition to imports of American markets. It's still not sure.³⁴
2. Branded Bangladesh was enjoying duty and quota-free entry to the UK market as was the member of the EU but now Bangladesh is not getting that facilities..³⁵
3. Even if China is not assured or fortunate for China. Recently China's attitude towards China's new US administration's high level of trade in free trade, which is performing a strict duty on exports to China, including garments. China is planning to reduce the prices of different types of clothing, especially in the Apelles market, to withdraw potential ban in the form of higher tariffs and to compete with other exporters. On the other side, China is the main point for Bangladesh's raw materials in the sector of RMG.³⁶
4. Furthermore, the depreciation of the Chinese currency helps RMG exporters to be competitive.³⁷
5. India has already given much financial provoking way to keep the competitive edge.³⁸

These are problem, which have to overcome for Bangladesh to achieve the main goal.

Chapter 3: Introduction of EU market and Product (as a target market for Bangladesh)

Bangladesh exports their product all over the world. But EU market is the most targeting market to export Bangladeshi RMG. Below table are going to show that:

³³ Textile Today , April 17 2017: https://textiletoday.com.bd/wp-content/uploads/2016/10/logo_272x90_trnsp.png

³⁴ Textile Today , April 17 2017: https://textiletoday.com.bd/wp-content/uploads/2016/10/logo_272x90_trnsp.png

³⁵ Textile Today , April 17 2017: https://textiletoday.com.bd/wp-content/uploads/2016/10/logo_272x90_trnsp.png

³⁶ Textile Today , April 17 2017: https://textiletoday.com.bd/wp-content/uploads/2016/10/logo_272x90_trnsp.png

³⁷ Textile Today , April 17 2017: https://textiletoday.com.bd/wp-content/uploads/2016/10/logo_272x90_trnsp.png

³⁸ Textile Today , April 17 2017: https://textiletoday.com.bd/wp-content/uploads/2016/10/logo_272x90_trnsp.png

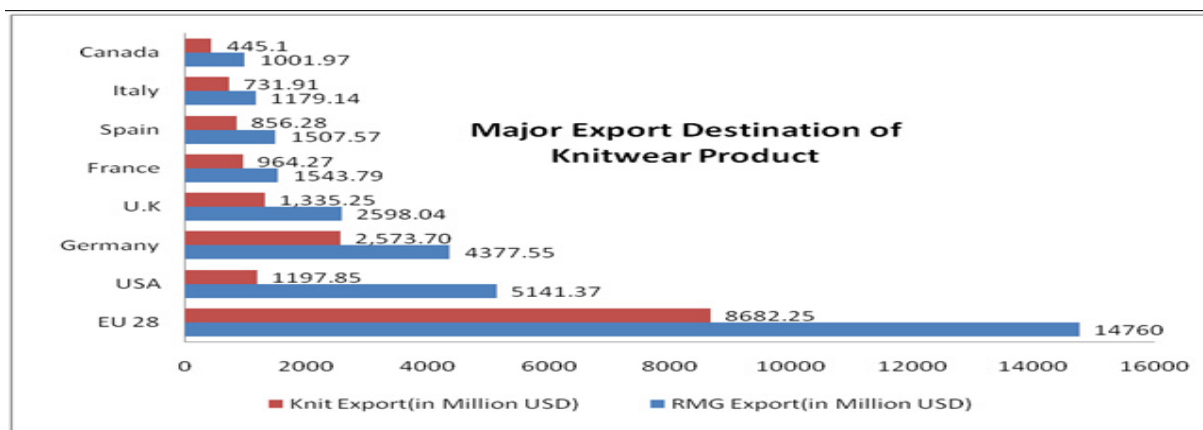


Figure 3.1: Most Export destination of Bangladeshi RMG³⁹

EU Clothing Market has a strong consumption power. In 2015, the retail value of the global clothing market is around 81 billion Euros. About 77 % of the total are gained from Asia. According to the Statistics Netherlands (CBS) reports, Clothing imports from Asia have improved about or more than double over the past decade.⁴⁰ Between 2005 and 2015, European Union's clothing imports amounted to 32 billion euro. For this growth, Asian countries contribute 30 billion euro, China and Bangladesh jointly account for three quarters. Attractive clothing being offered in Asia is relatively low manufacture value and great density of production companies.⁴¹

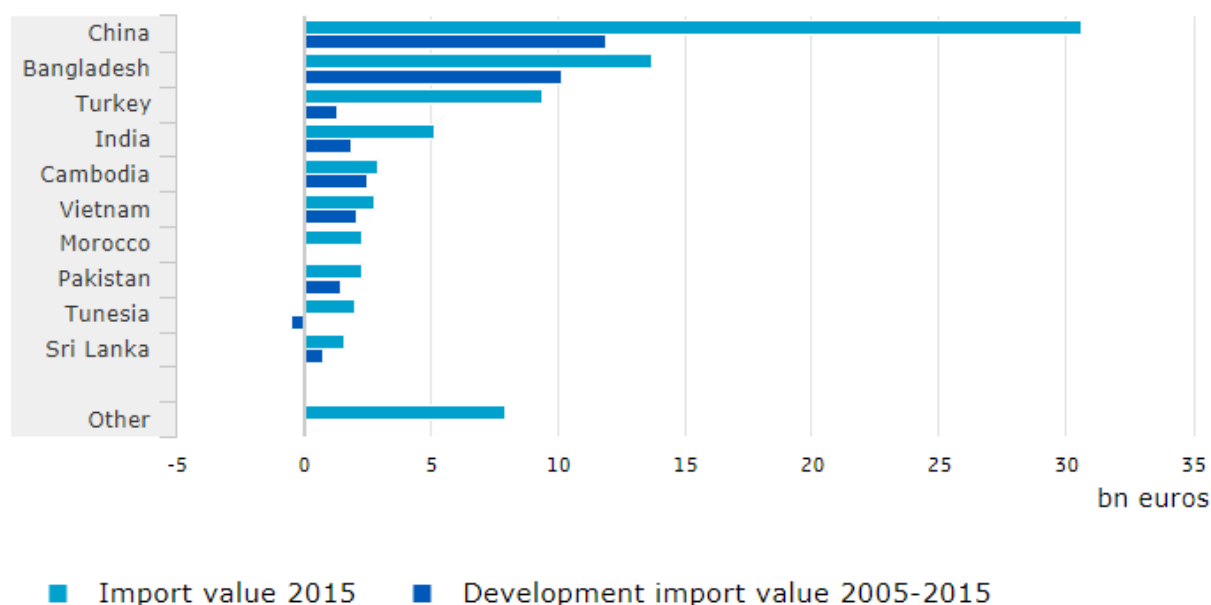


Figure 3.2: Main countries of origin for EU clothing Imports⁴²

³⁹ BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

⁴⁰ Centraal Bureauvoor de statistiek (NL),09/12/2016 [<https://www.cbs.nl/en-gb/news/2016/49/eu-countries-buying-more-clothing-from-asia>]

⁴¹ Centraal Bureauvoor de statistiek (NL),09/12/2016 [<https://www.cbs.nl/en-gb/news/2016/49/eu-countries-buying-more-clothing-from-asia>]

⁴² Eurostat - [International trade in goods](http://ec.europa.eu/eurostat/web/international-trade-in-goods/data/database) <http://ec.europa.eu/eurostat/web/international-trade-in-goods/data/database>

Five thousand Dutch companies imported about 7.2 billion Euros from Asia in 2015 where they also imported rest of the RMG products of about 5.8 billion Euros from outside Asia.⁴³ The data of this import represents transit trade, and Asian clothing has also reached the Netherlands through other European countries.

3.1. Description of product and target country in EU.

Every country has own culture. And dress is depending on the culture. So it's very important to know about the type of the dress for target countries and also need to know the classifications of dress.

3.1.1. Product Specification:

It can divide by three types. They are: Men's wear, Women's wear and Children's wears. Categories listed below are focused on:

- RMG items from Knit and woven ⁴⁴

Product groups:

1. Short Pants & Trousers
2. T-shirts
3. Casual/Formal Shirts and Blouses
4. Jersey and Cardigan
5. Fancy Skirts
6. Winter/Summer Coats & Jackets
7. Other M/F Suits and ensembles

- Body wear⁴⁵

Product groups:

1. Undergarment
2. Hosiery (socks, tights)
3. Night and indoor wear (pyjamas, nightshirts, bathrobes).

- Fashionable micro clothing⁴⁶

Product groups

1. Gloves, mittens & mitts
2. Neckwear (shawls, scarves)
3. Carrying products (handbags, shoulder bags, wallets, purses)

⁴³ Centraal Bureau voor de statistiek (NL), 09/12/2016 [<https://www.cbs.nl/en-gb/news/2016/49/eu-countries-buying-more-clothing-from-asia>]

⁴⁴ CBI | Market Intelligence Product Factsheet Fast Fashion in Europe| https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-europe-fast-fashion-2016.pdf

⁴⁵ CBI | Market Intelligence Product Factsheet Fast Fashion in Europe| https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-europe-fast-fashion-2016.pdf

⁴⁶ CBI | Market Intelligence Product Factsheet Fast Fashion in Europe| https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-europe-fast-fashion-2016.pdf

4. Other micro clothing (handkerchiefs, belts, hats, and caps)

3.1.2: Target countries in EU :

EU market is the most important market for Bangladesh RMG. Its very important to know that which country is importing more from bangladesh. Upgoing role of maximum Eastern European Countries in the EU RMG market is really an issue of increasing the consumer market in Europe. Imports increased 10% in 2014 after three years of stable imports. Bangladesh, Vietnam, Cambodia etc are the actual traditional supplian countries of European RMG market but recently many of EU Companies and Buyers are searching for countriues near Eastern Europe like Portugal, Turkey, Morocco and Ethiopia. Many attention as the desired supplier, allowing for small lead times.

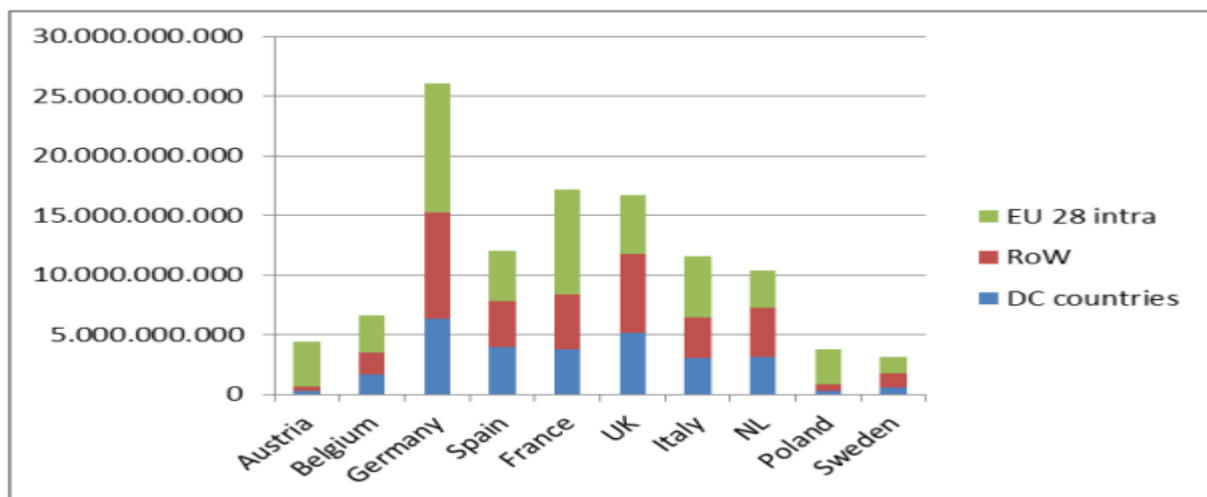


Figure 3.3: Major European importers of apparel in 2014, € million.⁴⁷

In the above Figure , It's clear that Germany is the most importer country in Europe for apparel market. Second and Third country are France and UK.

3.2. EU Clothing Quality Standards and Regulations:

EU market pays much attention on Clothing quality, especially on safety and environment Protection. And they give imported clothing strictly test. For selling clothing in the European market, have to adhere to the strict demand about safety and quality. Using of chemical is highly controlled. Moreover the inconvenient requirements related to stability are considering

⁴⁷ CBI | Market Intelligence Product Factsheet Fast Fashion in Europe| https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-europe-fast-fashion-2016.pdf

more important. During exporting to European Market, factors must have to be maintained by all RMG exporters mentioned below:

3.2.1: Must Applicable Requirement

1. **Safety Standard of all products** – A-Z applicable
2. **RMG Chemicals** – A-Z Applicable
3. **Labeling** - Applicable on textiles items
4. **CITES** – Specially applicable to items exceptionally manufactured from wild plants and animals
5. **Special Right of Intellectual properties**

1. Safety Standard of all Products:

Generally Manufactured Product Security Directive is essentially sheltered to use all products promoted in the European Market.⁴⁸ It provides a framework for all the laws related to certain products and matters. If any specific legal requirement is set for any manufactured unit and its uses, the common product safety guidelines are applicable there as routine application. If the specific requirements apply, it also applies in addition to the product. It has added other security aspects which may not be exactly depicted.

- i. It has to be ensured that the newly produced product will not be a basis of fire or tears as well as any other danger in its normal application process as this is not outlined in the specific legislation, but it is definitely covered under the General Product Safety Directive.⁴⁹
- ii. For children's clothing, it is forbidden using neck areas repeatedly or long free ends which can become trapped and parts (such as buttons) are effortlessly and differentiated children can be gripped.⁵⁰
- iii. For Children's clothing, have to be more careful, small pieces that can be simply obstructed by children, such as buttons, beads.⁵¹

Many exported RMG clothing have been rejected by some EU country's custom authorities due to risk of suffocation, strangulation and causing harms for children from the age group up to 7 years old.⁵² Many types of rules and regulations are applied to export product to Europe.

⁴⁸ European CommoSSin, Trade Helpdesk URL: <http://tradehelpdesk.europa.eu>.

⁴⁹ European CommoSSin, Trade Helpdesk URL: <http://tradehelpdesk.europa.eu>

⁵⁰ European CommoSSin, Trade Helpdesk URL: <http://tradehelpdesk.europa.eu>

⁵¹ European CommoSSin, Trade Helpdesk URL: <http://tradehelpdesk.europa.eu>

⁵² CBI, Ministry of Foreign Affairs.05/09/2016 <https://www.cbi.eu/sites/all/themes/custom/cbi/images/logo.png>

2. Chemicals:

European Union banned certain chemicals from products sold in European markets. The maximum restriction on chemicals is listed so-called REACH Regulation (1907/2006). Permanent organic pollutants (POP) laws may also affect the product; have to be careful for fire retardants or waterproof components.⁵³

Specific chemical should be applicable for the particular product will be depended on the type of product and its fundamental materials. Common risks for often used chemicals & materials are listed below. The exporter company has to be careful about using materials and techniques and they must have to ensure that the product meets the terms with all legislation regarding all restricted chemicals.

- i. About all restricted chemicals in RMG products in the EU Market have to be known by all Bangladeshi companies.⁵⁴
- ii. EU buyers should make an orientation course themselves for their suppliers with a 'Restricted Substances List' (RSL) to obtain sufficient idea about the substances of RSLs.⁵⁵
- iii. REACH, elaborately Registration, Evaluation and Authorization of Chemicals is the standard legislation authorized by the Centre for the Promotion of Import from Developing Countries shortly known as CBI, responsible to check and balance about all applicable and obligatory restrictions of chemical uses in the manufacturing process of all RMG goods and European buyers accept this protocol as one of the major portions before bringing out their RMG products in EU market.⁵⁶
- iv. The above mentioned legislation has limited some aromatic amines in the dyeing process but particularly that doesn't mean anything negative about all azo dyes; most of the azo dyes are acceptable according to those legislations without particular 22 items. So in order to maintain border restrictions, it is obligatory to ensure these chemical factors.⁵⁷
- v. In European RMG market, for textile products that have negative reaction with the touch of skin are totally restricted.⁵⁸

⁵³ CBI, Ministry of Foreign Affairs.14/09/2014 ,<https://www.cbi.eu/market-information/buyer-requirements/reach/>

⁵⁴Restricted chemicals in textile products in the EU Export Helpdesk .

http://exporthelp.europa.eu/thdapp/taxes/show2Files.htm?dir=/requirements&reporterId1=EU&file1=ehir_eu15_02v001/eu/main/req_chetext_eu_010_1303.htm&reporterLabel1=EU&reporterId2=NL&file2=ehir_nl15_02v001/nl/main/req_chetext_nl_010_1306.htm&reporterLabel2=Netherlands&label=Restriction+on+the+use+of+certain+chemical+substances+in+te

⁵⁵ CBI, Ministry of Foreign Affairs.14/09/2014 ,<https://www.cbi.eu/market-information/buyer-requirements/reach/>

⁵⁶ CBI, Ministry of Foreign Affairs.14/09/2014 ,<https://www.cbi.eu/market-information/buyer-requirements/reach/>

⁵⁷ European Commosin , Azodyes.

http://exporthelp.europa.eu/update/requirements/ehir_eu15_02v001/eu/auxi/eu_cherest_entry43_annexXVII_r1907_2006.pdf

⁵⁸ Tris(aziridinyl)phosphin oxide CAS No 545-55-1 EC No 208-892-5.

http://exporthelp.europa.eu/update/requirements/ehir_eu15_02v001/eu/auxi/eu_chetext_entry7_annexXVII_r1907_2006.pdf

- vi. Polyvinyl chloride (PVC) are also restricted for textile in EU market⁵⁹
- vii. Perfluorooctane sulphonate (PFOS) is actually applicable to produce textile as well as leather resistant to water and dirt. It is restricted in the European zone through regulation (EC) No. 850/2004 (Stockholm Convention). The maximum usable limit of PFOS is 1 µg/sqm.⁶⁰
- viii. Metal made parts & accessories (e.g. buttons, zippers, jewelries) are also restricted. They should not release than 0.5 µg/cm² per week.⁶¹

There are also some more regulations for the using of chemicals in RMG factories from different non-governmental organizations (NGOs) and customers that actually make the buyer requirements tougher than the ongoing requirements. This section of this dissertation on extra necessities, chiefly the information about the Greenpeace campaign is going to discuss about that.

3. Labelling:

For the labelling of textile/RMG products there are some rules and regulations in European market. This type of textile product should be labelled with the fibre names and Composition. Actually to introduce the buyers with the products they are buying is the main aim of this labelling rules. The European Commission has already started work on the mandatory origin labeling issue titled 'made-in label'. This is going to be applicable on all non-food products including textiles/RMG items. are going to do this.. Currently made-in labelling is voluntary.⁶²

4. CITES- products from wild plants and animals:

CITES means Convention on International Trade in Endangered Species. Its an universal covenant which ensure that global trade in example of wild animals and plants does not effect their survival. For exporting the germents products to global market have to be very careful that if the product (partially) produced with plants or animals, the product will not fall under the restrictions of the CITES.⁶³

5. Intellectual property rights:

⁵⁹ CBI, Ministry of Foreign Affairs. 14/09/2014 ,<https://www.cbi.eu/market-information/buyer-requirements/reach>

⁶⁰ REGULATION (EC) No 850/2004 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 29 April 2004 <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=CONSLEG:2004R0850:20070416:EN:PDF>

⁶¹ Nickel CAS No 7440-02-0 EC No 231-111-4 and its compounds.

http://exporthelp.europa.eu/update/requirements/ehir_eu13_03v003/eu/auxi/eu_cherest_entry27_annexXVII_r1907_2006.pdf

⁶² CBI, Ministry of Foreign Affairs. 14/09/2014 ,<https://www.cbi.eu/market-information/buyer-requirements/reach>

⁶³ CITES. <https://www.cites.org/eng/disc/what.php>

When a Company selling their authentic completion of products to market, have to varified that are not breaking down any intellectual property (IP) rights. IP right means the products have to be authentic. It depends on the design on product, means any logo of any brand or pictures not used. If the company make a design , that will be unique, if it find out that the design is not their authentic design or has already registered by any other company or thirth party that means it is violeting IP right.⁶⁴

3.1.2: Additional Requirements

Some requirement are not legislative and that use only for finding buyer, Its called additional requirement. This types of requirements also have to complete to export product to EU market. Every buyers requirements are not same. All of the requirements are not possible to discuss here, so some important requirements are below:

1. Corporate responsibility

Corporate resposibilities are increasing rapidly mentionably in buyers of both Wstern & Northern Europe. The buyers are very careful about the social and invironment responsibilities that are also effecting suppliers. Anything related corruption is prohabled by both suppliers and buyers.⁶⁵

2. Labour conditions:

One very important social rights for germents industries is Laburs rights. For the last few years, in Bangladesh has occoured some very dangerous accidents. Such as fire and collaapse of factory. In this accident, many worker lost their life. Through the investigation, find out some resaon. The reasons are lacking of safety, lacking of training for fire. The main point is ignorence of labours safety right. Outcome of the process, most of the European importers have keen their focuses on maximum requirements of overall conditions and health & safety issue in the workplace. Bunch of new rules have been penetrated focusing on fire and construction safety in Bangladesh germents factories.⁶⁶

3. Fair wages:

If the first issue is labour safety then the second issue is Fair wages. Some new rules have already included for garments employees. Basically, the workers don't expect a very good

⁶⁴ CBI, Ministry of Foreign Affairs.14/09/2014 ,<https://www.cbi.eu/market-information/buyer-requirements/reach>

⁶⁵ CBI, Ministry of Foreign Affairs.14/09/2014 ,<https://www.cbi.eu/market-information/buyer-requirements/reach>

⁶⁶ CBI, Ministry of Foreign Affairs.14/09/2014 ,<https://www.cbi.eu/market-information/buyer-requirements/reach>

salary they only expect the fair wages. Now the question is how can calculate fair wages? Its can be calculated on the basic demand of workers. A amount which is able to fulfill a worker's basic demand. Many of the companies have already started to go through this procedure. These rules want to be able to ensure that the worker of RMG sector earn such amount that can fulfill their fundamental necessities.⁶⁷

4. Bankruptcy

This rules has made to protect both of the parties (Companies and Creditors). Many times has noticed that some companies can't continue with their regular works. They failed to pay the bills , salaries e.t.c. They turn into Bankrupt. To protect this type of company has one kind of rule among European governments and banks. They provide them a way with monetary aid to reorganise the company. This rules only applicable for big size of companies, whose bankruptcy might damage markets.⁶⁸

Other side, Creditors are receiving back money in some EU countries because of their state laws. Such as Netherland has such a law that states if any company deliver items without payment, company can retrieve those items within next sixty days of delivery due to any unexpected issue and the total condition has to be included by the manufactureres in business signing paper.⁶⁹

In the above discussion has already discussed about the additional requirement to export garments product to EU cuntry. The additional requirement are also very important for this sector.

3.3: Segment of Eu Clothing market:

Based on quality, price, luxury level, EU has many kinds of Clothing market. The divisions of the levels are: High-end, Middle and low-end market. Every market has their own Carecterristic and typical Brand. In the belows table are going to show the carecters of all types of markets. The world most top 5 brands are all from EU. (See the Table).

⁶⁷ CBI, Ministry of Foreign Affairs. 14/09/2014 , <https://www.cbi.eu/market-information/buyer-requirements/reach>

⁶⁸ Wall Street Journal article <http://www.wsj.com/articles/SB10001424127887323296504578398612178796882>

⁶⁹ CBI , Ministry of Foreign Affairs. 14/09/2014 , <https://www.cbi.eu/market-information/buyer-requirements/reach>





















Rank		Logo	Name	Country	Brand Value ⁽ⁱ⁾ (USD \$ Millions)		Brand rating	
2017	2016				2017	2016	2017	2016
1	➡ 1		Nike		31,762	28,041	AAA+	AAA+
2	➡ 2		H&M		19,177	15,510	AAA	AA+
3	⬆ 4		Zara		14,399	10,086	AAA-	AA+
4	⬆ 8		adidas		10,169	7,098	AA+	AAA-
5	⬆ 7		UNIQLO		9,597	7,335	AA	AA-
6	⬇ 3		Louis Vuitton		8,941	10,444	AAA	AAA-
7	⬇ 6		Hermès		8,342	7,568	AAA-	AAA-
8	⬆ 9		Rolex		6,988	5,927	AAA	AAA
9	⬆ 12		Gucci		6,883	5,439	AAA-	AAA-
10	⬇ 5		Cartier		6,765	7,875	AA+	AAA-

Table3.1: The world's Most Valuable Luxury Brands 2018⁷⁰

3.3.1: High-end segment

EU is the most active and mature luxury clothing market. It is the centre of luxury fashion. It has many local fashions, luxury brands such as Armani, Gucci, LVMH etc. This type of market sell only limited edition RMG items through their own kiosks. It has also two types. They are:

Haute couture: Haute couture is very authentic segment in EU market. Which means special sewing, unique dressmaking, high fashion. Haute couture is high-end-fashion which has made by hand from start to finished⁷¹. the characteristics of this market are:⁷²

- Quality and quantity : Small to medium
- Price : €1000 and up
- Order volume : +/- 300
- Shops : Their own designer shops

Prêt-à-porter: It is also a high quality production. But it is available for many customers in many sizes. It has also some characteristics. These are:

- Quality and quantity : Small to medium
- Price : €120-1000
- Order volume : 500-1000
- Shops : Designer shops

⁷⁰ Brand Finance, Apparel 50 2018, The most valuable apparel brands of 2018: <http://brandfinance.com/>

⁷¹ What Does Couture Mean- Definition and French Translation – The Dapifer". THE DAPIFER. 2017-02-04. Retrieved 2017-06-10.

⁷² "What is Haute Couture made easy – The Odd Portrait". 29 November 2016.

- Branches : 10-25

At the high end segment, prêt-à-porter and haute couture designers sell unique RMG items through their kiosks. For Bangladesh, as a developing country it has very low scope to access as a supplier in High-end segment. Requirements for accessing in High –End markets are very difficult and hardly regulated in terms of quality, delivery service and design. The names of the Brands are Valentino, Grigio Armani, Dior, Gucci, Louis Vuitton etc.

3.3.2: Middle range and Low-end market:

Middle range and low-end market are mixed with each other. The quality and price make them different to each other. It can be divided with many different names. See below:

Upper-Middle: In the upper-middle segment depend on independent specialty shops and luxury department stores which has good quality garments. It produces Unique standard products in small to medium-sized quantities that are not season-based.⁷³

- Quality and quantity : Good quality, Small to medium quantity
- Price : €100-500
- Order volume : 1500-4500
- Shops : Independent Shop, Luxury Department store.
- Branches : 25-30

Upper- Middle market are very difficult to export product for Bangladesh as a developing Country. Because the rules and regulation are very strong for the product.

Middle range market: Middle range market offers medium quality and price. It shows many differences between upper middle range market. The characteristics are:⁷⁴

- Quality and quantity : Good quality, medium quantity
- Price : €50-200
- Order volume : 1000-1000
- Shops : Independent shops, departmental store, Clothing chain
- Branches : More than 50 stores

⁷³ CBI | Market Intelligence Product Factsheet Fast Fashion in Europe | 5, https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-europe-fast-fashion-2016.pdf

⁷⁴ CBI | Market Intelligence Product Factsheet Fast Fashion in Europe | 5, https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-europe-fast-fashion-2016.pdf

Middle-low market: Which market has the medium quality and large quantity but the price are low It's called Middle-low market.⁷⁵

- Quality and quantity : Medium quality, medium to high quantity
- Price : €20-120
- Order volume : 5000-30000
- Shops : Independent shops, departmental store, Clothing chain
- Branches : More than 100 stores

Bangladeshi garments produce medium quality Product. Middle- Low Market offer high Quantity. So its the perfect market segment for developing country.

Low market: This market offers only basic quality for the product. But the quantity are very High. The products sells mostly with the discount and at street market.⁷⁶

- Quality and quantity : Basic quality, high quantity
- Price : €2-20
- Order volume : 10000-50000,50000-100000.
- Shops : Factory outlets, Street markets.
- Branches : More than 150 stores

As a supplier country, the competition of this market are drastic. Also It has many opportunities to get many order from this type of market. Because of the high quantity, without a perfect experience, its not possible to make perfect. Bangladesh has so many experience to export in EU market.

In Eu middle-range and low-end clothing market. There are some famous middle range and low-end clothing brands. They are already working with Bangladesh.

Chapter 4 : Bangladeshi RMG product in EU market

For Bangladesh RMG, EU market is the most important market. Day by day its increases. RMG means the complete textile product from clothing factories and RMG sector is one of

⁷⁵ CBI | Market Intelligence Product Factsheet Fast Fashion in Europe | 5,
https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-europe-fast-fashion-2016.pdf

⁷⁶ CBI | Market Intelligence Product Factsheet Fast Fashion in Europe | 5,
https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-europe-fast-fashion-2016.pdf

the fastest growing sectors in the Bangladeshi economy, with a increase rate of 55% from 2002 to 2012.⁷⁷

4.1: Description of exported Products from Bangladesh RMG:

Many types of bangladeshi RMG product are available in EU market. Such as T-Shirt, Jeans, pulover etc. See the bellow table:






T-shirt, Trank top and singeled	 <p>T-shirt for Men/boys T-shirt for women/girls Singlet for Women/girls Singlet for Men/Boys</p>
Polo- shirt	 <p>Women/ girls item Men / Boys Item</p>
Jeans	
Knitted Jacket and cardigan s	 <p>Jacket Cardigan</p> <p>Women/girls Men/Boys Women/girls Men/Boys</p>
Fashion items	

Table 4.1: Major export product of Bangladesh⁷⁸

In the above table shows only the most export product of bangladesh. Bangladesh also export babies items, Briefs, underwear's, panties, pullover, sweatshirts, sports jersey, trauzers. Bangladeshi Items are very Populer in EU market.

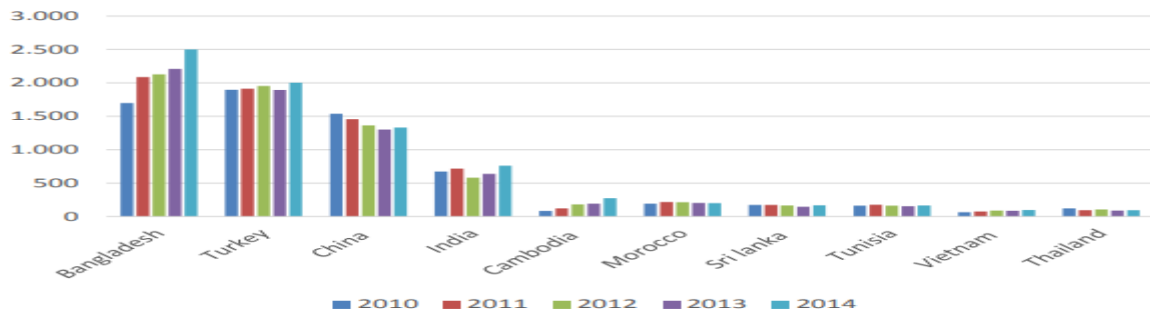
⁷⁷ Uddin, Mohammad Nazim. "Role of Ready-Made Garment Sector in Economic Development of Bangladesh". Journal of Accounting, Business & Management.21.

⁷⁸ BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

4.2: Demands of Bangladeshi RMG products:

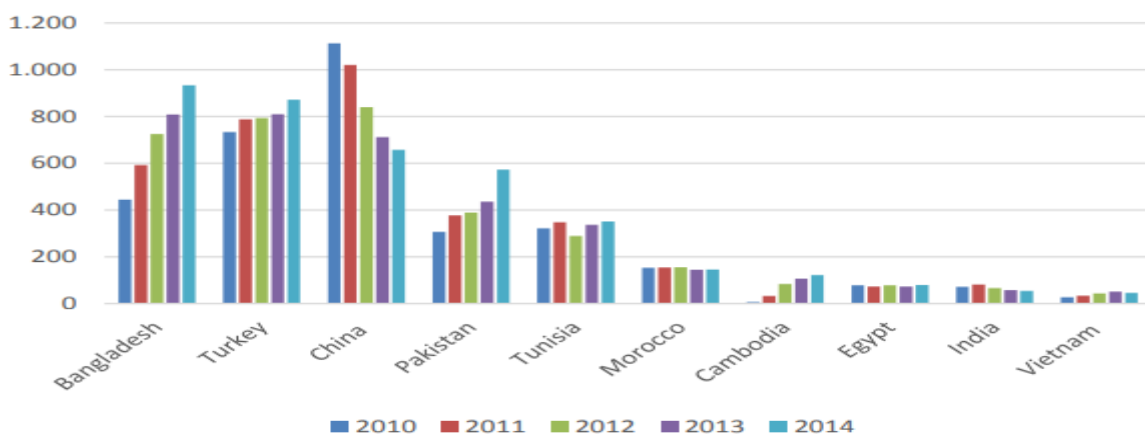
Demand of RMG product in EU market are very high. And also so many exporter countries are available as competitor. Such as : china, Viyetnam, Combodia, etc. In Eurpe, people are using T-shirt and Jeans as their daily dress. The below figure are showing the demand of Bangladeshi RMG.

Figure 4.1: European import of t-shirts by leading exporter 2010-2014, € million



Source: Trademap⁷⁹

Figure 4.2: European import of jeans by leading exporter 2010-2014, € million



Source: Trademap⁸⁰

For both t-shirts and jeans , some countries are increasing their export to EU market. especially in Pakistan and Bangladesh for jeans and Bangladesh, Turkey, India and Cambodia for t-shirts. The UK, Germany and France are the biggest buyer of t-shirts. Germany is the largest of the European import markets for jeans in terms of value and quantity. It's growth rate is also very strong with 7.2% average a year between 2005 and 2013.⁸¹

⁷⁹ CBI | Market Intelligence Product Factsheet Fast Fashion in Europe | 5, https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-europe-fast-fashion-2016.pdf

⁸⁰ CBI | Market Intelligence Product Factsheet Fast Fashion in Europe | 6, https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-europe-fast-fashion-2016.pdf

⁸¹ CBI | Market Intelligence Product Factsheet Fast Fashion in Europe | 6, https://www.cbi.eu/sites/default/files/market_information/researches/product-factsheet-europe-fast-fashion-2016.pdf

4.3: Name of Top retailers and Fashion brands (Importing Bangladeshi RMG):

Many brands and big retailers are importing bangladeshi RMG. The international Brand, retailer look for long term business with that type of country which has protentiality to export quality items. Bangladesh has the enough workers and raw materials that can provide a low cost and good quality products. As an expoter cuntry, China is a big copetitor for Bangladesh. But now a days , labour cost of China are very high. On the other hand, Bangladesh has the low cost, enough workers. Below table shows the name of the Top retailer and Brands.

Table 4.2: Top retailer and Brands of EU (importing Bangladeshi RMG):⁸²

Name of the Brands	Country	Name of the Brands	Country
H & M	Sweden	C & M	Belgium
Zara	Spain	Adidas	Germany
Tesco	UK	Carrefour	France
M & S	UK	Benetton	Italy
G-Star Raw	Netherlands	Mango	Spain
ERIMA	Germany	PUMA	Germany.

List are showing some of the Brands which are importing Banladeshi RMG for the long times. Banladeshi RMG increasing their Demand in EU market .

Table 4.3: List of top Brands which are importing from Bangladesh.⁸³



⁸² BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

⁸³ BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

H & M, the Swedish retail Business for clothing, their outsourcing value in 2014 are around \$1.5 billion. They show their interest to make this amount double. H&M CEO Karl-Johan ensure that, they will make this amount around \$3 billion within next 5 years.⁸⁴

C & A, This company looking for long term business with Bangladesh. They confirm that, the competitor countries of Bangladesh like China are facing problem with high labour cost. As a result their Production cost are getting high. In this situation, this company want to continue with Bangladesh for the next 15-20 years. (Manager, C&A Company)⁸⁵ For the other companies demand are increasing day by day.

Chapter 5: Challenges and Strategies to Overcome for Exporting RMG to EU market.

5.1: The Challenges to Export In EU market

Bangladeshi RMG is the main source for earning foreign exchange. Readymade garments are provides 40% of employment in Bangladesh. Bangladesh Garments Manufacturers and Exporters Association (BGMEA) had plan a goal to increase annual export of RMG to 50 billion US dollars by 2020-21. There is also a plan drawn up by experts assigned by BGMEA to achieve the target. Although not much has been heard recently about this plan, the RMG export has already started facing many challenges.

5.1.1: The new Generalized System of Preferences (GSP) Rules:

GSP is one kind of tariff system which system has some formal rules exception from the World Trade Organization (WTO) or the General Agreement on Tariff and Trade (GATT). It's a system of exemption from the Most Favored Nation principle (MFN) that forces WTO member countries to treat the imports of all other WTO member countries. Accepted access is not an unused tariff rate for certain products, which has decided not to be "import sensitive" in the acceptable domestic market. MFN wants to consider the countries imported from World Bank member countries as imported from Andhra Pradesh that is, showing their equal tariffs etc.

⁸⁴ BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

⁸⁵ BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

There is one kind of facilities for developing country and least developing country (LDC), it's called GSP facilities which have started by European country from 1971. Its start in 1971 but countries was getting facilities from the new structure of EU in 1993 this became strong in providing services through GSP. Many countries have benefited through this GPS and Bangladesh is one of them. Through this facilities Bangladesh exporting to EU markets at duty-free or duty-less cost.

After the new rules of GSP, some changes are below,⁸⁶

1. Rules for country :

Which country can enjoy the GSP facilities, these are below-

- Most important subject is per head income of the total population. Which country has an enough income per head (based on the World Bank), they will not get this facilities.
- If any country wants to access in EU market they have to be qualified based on a free trade agreement with the EU.
- Under the new rules and regulation many country has the quality to qualify as Overseas Countries. It's about 89 country out of 179 countries are enjoying GSP facilities.

2. Performance appraisal and rules for products and services:

After new rules, many products are excluded to getting the facilities. With this new rules they might be pay the duty but also depend on the rates. The rate of conventional duty can still be applied, but actual rates may vary.

3. Product graduation:

Under the new rule, 15% of the marginal quality for graduation (14.5% from 17.5% of clothing) will increase from 17.5%. This means that in the new schemes in any country the beneficiary countries can have a large share of all the imported accounts before the specific goods are withdrawn in the EU market. The number of beneficiary countries in the new project has dropped significantly.

⁸⁶ Zillul Hye Razi, RMG Bangladesh, RMG export to the EU: The challenges ahead of Bangladesh, Nov 29,2017. <http://rmgbd.net/author/rmg-bangladesh/>,

4. GSP+:

A country can apply for "GSP +" instead of a change in 1.5 years through the new rules. Also, this conditions to be eligible for "GSP +".One of these conditions, which will help enable more countries to meet criteria for qualifying as risky. Comprehensive evidence of GSP + conditions, although GSP + will be replaced by the EU's general preference committee as well as the beneficiary countries.

5. Remarkable protection:

Remarkable protection is used only for textile industry, cultivation and fisheries sector. It's mean that EU's own enterprises can hang priorities for products from this sector when it is properly judged.

Challenges:

It should be remembered that in the EU, only part of the United Nations and the ILO Convention are aware of the RMG, GSP / EBA, all Bangladeshi exporters, and even LDCs, under the GSP / EBA, in the EU since January 2014. Significantly, these two ILO conventions (rights of the rights of the rights and rights of collective rights) are included in the original compact declaration signed by Bangladesh.⁸⁷

Graduates from LDC, although unlikely to happen before 2021, will be facing new challenges in our exports to the EU. These are:⁸⁸

- First, Bangladesh will lose EBA and General GSP will be beneficiary.
- Secondly, as much as the LDC is enjoyed, the unconditional controller of Bangladesh will miss it. For RMG, this means that while importing from Bangladesh, the importers will pay most part of the Standard duty.
- Again, GSP is offered for RMG, only if the fabric is manufactured in Bangladesh. Even if applicable for GSP + and re-starting duty-free access, the rule of emergence for General GSP will be applicable, contrary to healthy rules for LDCs. In order to keep GSP +, LDCs will have to comply with 15 instead of 27 nationalities / ILO conventions.

⁸⁷ Zillul Hye Razi, RMG Bangladesh, RMG export to the EU: The challenges ahead of Bangladesh, Nov 29,2017. <http://rmgbd.net/author/rmg-bangladesh/>,

⁸⁸ Zillul Hye Razi, RMG Bangladesh, RMG export to the EU: The challenges ahead of Bangladesh, Nov 29,2017. <http://rmgbd.net/author/rmg-bangladesh/>,

- Another new challenge is the new rules of GSP administration in Export to EU. The only qualified authority to issue a GSP certificate for the Export Development Bureau (EPB) for RMG. From 2017 or 2020, depending on the decisions of Bangladesh, the EU's GSP certificates will be issued by the exporters. EPB will only serve as a supervisory agency for registered exporters when the EU importer country requests customs authority from the export. New method of GSP certification is required for individual exporters as well as suitable preparation for BGMEA / BKMAA. This is a vital requirement because nearly 90 percent of Bangladesh's garments export knit and knitted products to the EU.

With new changes of GSP rules, Bangladeshi RMG is facing many Problems. Like the Rana Plaza Crash, the incidents of violence in recent years, fire accidents in various factories, demand for wages can reduce Bangladesh's GSP advantage in the EU market. The EU says it will not reduce or suspend GSP facilities for Bangladesh, failure to ensure labor wage security, human rights, conditions of action and future suspension will be seen.

5.1.2: Some grievous Accident in RMG factories:

Bangladesh RMG sector is still suffering after happening some grievous accident. Many workers have lost their life. The importer countries have suffered also. They didn't get their orders, which had already paid. The Rana Plaza Crash, the incidents of violence in recent years, fire accidents in various factories, and demand for wages can reduce Bangladesh's GSP advantage in the EU market. The EU says it will not reduce or suspend GSP facilities for Bangladesh, failures to ensure labor wage security, human rights, conditions of action and future suspension. Much accident has happen in Bangladesh Sectors. But two accidents were very grievous.

1. The Fired at Tazreen Fashions Limited:

Tazreen Fashions Limited is a sister concern of Tuba Group. This is one of the big business organizations in Bangladesh. Which is situated in Ashulia district on the neighborhood of Dhaka, the factory was established in 2010.⁸⁹ It's about 1500 people has worked there. It generate clothing for USA, London, German, Italian, Spanish and Cafoor, Delta Apparell, Dickie, Disney, Edinburgh Olan Mill, El Corte Engels, Anise, IKA, Carl Reicher, KK, Piazza

⁸⁹ Document Cloud, n.d. Profile of Tazreen fashions limited. Available from <https://www.documentcloud.org/documents/524546-profile-of-tazreen-fashions-limited.html> [Accessed 23 February 2014].

Italia, Sierra, Teddy Smith, Wal-Mart and US Marine Corps.⁹⁰ On November 24, 2012, spread to the fire about 07:00 p.m. This was working time for garments. The total number of people killed and wounded Journalists and media, researchers cannot be figure out because of ignorance of the factory worker report. The estimates of this 111-124 deaths and 200-300 people were injured after the investigations.⁹¹

According to the Asian Network report for the rights of workers and the victims of the accident, assuming that at the beginning of the fire, more than 1,200 people were working inside the nine storey building⁹². Whose people are the witness of this accident and fire service workers has noticed that where the fabric and yarn are stored in an open place. These things should save a room with burns protected wall. The fireplace spread rapidly beneath the bottom and fire and toxic fumes rapidly to the upper floors. The employees⁹³ lack a sprinkler system or fire exits as the factory, trying to escape through the internal stairs. However, it was reported that some floor managers forced to do their work after hearing the audience Fire alarm, it estimates to be a fire drill. This is in nine floor factories with most locked gates on the floor. The primary salute to prevent many workers inside the fire when the whole building is perfect in the firefight. Some disappointing workers were able to flee the window and others ran from the top floor to the ground, which is left some of their seriously injured or dead. Bangladesh Fire Service and Civil Defense Officer Abu Nannur Rahman Shahidullah and according to the operation Director Mahbubur Rahman, most of the workers who died of their lack of adequate departure and inadequacies.⁹⁴

Later, Bangladesh Occupational Safety, Health and Environment Foundation (OSHE) had made a own examination of the main cause and failure highlighting. They identify some of the vital identities, the reason were: ⁹⁵

⁹⁰ Bergman, D. and M. Rashid, 2012. Bangladesh factory fire kills 111 garment workers. Available from <http://www.telegraph.co.uk/news/worldnews/asia/bangladesh/9701826/Bangladesh-factory-fire-kills-111-garment-workers.html> [Accessed 23 February 2014]

⁹¹ Bergman, D. and M. Rashid, 2012. Bangladesh factory fire kills 111 garment workers. Available from <http://www.telegraph.co.uk/news/worldnews/asia/bangladesh/9701826/Bangladesh-factory-fire-kills-111-garment-workers.html> [Accessed 23 February 2014].

⁹² AMRC - Asia Monitor Resource Centre, 2013. Tazreen fire – the ground realities. Available from <http://www.amrc.org.hk/> [Accessed 1 February 2014]

⁹³ CCC - Clean Clothes Campaign, 2013. One year after Tazreen fire, the fight for justice continues. Available from <http://www.cleanclothes.org/news/press-releases/2013/11/21/one-year-after-tazreen-fire-the-fight-for-justice-continues> [Accessed 23 February 2014]

⁹⁴ Bustillo, M., T. Wright and S. Banjo, 2012. For wal-mart, sears, tough questions in Bangladesh fire. Available from <http://online.wsj.com/news/articles/SB10001424127887323751104578148463240906892> [Accessed 23 February 2014].

⁹⁵ AMRC - Asia Monitor Resource Centre, 2013. Tazreen fire – the ground realities. Available from <http://www.amrc.org.hk/> [Accessed 1 February 2014]

- They don't have any extra fire emergency gate or lift or anything, they had only a main entry and exit which was on the ground floor.
- They don't have any fire fighting materials like Fire extinguishers or extra pipes for water.
- The building was 9 stories which are locked collapsible gate. And many floors were locked, which made a big problem to follow the fire alarm.
- That building code is being followed due to the factory owner's negligence. (Only three floors were not allowed to be built when building a nine-storey building)
- Raw material storage in high voltage power transformer near ground floor,
- The Fire safety certificate was expired for that building,
- Don't have any proper fire safety training (it's about 40 workers of the 1,500 workers were present in the civil fire safety guidelines) at the time of this incident, the firefighters were not found in the factory.

This floor reflects ignorance and reckless irresponsibility and serious negligence among the manager and staff.

In addition, Bangladesh's Ministry of Home Affairs Bangladesh's report on the investigation said that the factory owner is very neglected responsible for the accident and the unnatural death. Workers report against the manager and supervisor that after alarm of fire, they force the worker to do their job. Because of that many workers lost their lives unnaturally. When the investigation was ongoing the owner of the organization reported that it was a terrorist act. This had no avoidance.⁹⁶

There was no proof for electrical short circuit in the investigation, and witnessed the possibility of possible stench game. Accordingly, However, this statement of the government and BGMEA has caused a lot of tension among the people, All the investigations claim the same obligation, they claim that the negligence and shamelessness of factory owners.⁹⁷

For decades, Bangladesh has been contributing to the Hazardous Industrial Accident. The report was designed to save the factory owner and called them sick, defensive and biased.⁹⁸

2. The Collapse of Rana Plaza:

⁹⁶ Manik, J.A. and J. Yardley, 2012. Bangladesh finds gross negligence in factory fire. Available from <http://www.nytimes.com/2012/12/18/world/asia/bangladesh-factory-fire-caused-by-gross-negligence.html> [Accessed 17 January 2014]

⁹⁷ Manik, J.A. and J. Yardley, 2012. Bangladesh finds gross negligence in factory fire. Available from <http://www.nytimes.com/2012/12/18/world/asia/bangladesh-factory-fire-caused-by-gross-negligence.html> [Accessed 17 January 2014]

⁹⁸ BBC, 2012. Bangladesh tazreen factory fire was sabotage - inquiry. Available from <http://www.bbc.co.uk/news/world-asia-20755952> [Accessed 19 January 2014].

The commercial nine-storey building in Savar, Dhaka's was Rana Plaza. It was with RMG factories, various floors, 5,000 shops and a bank of about 5,000 employees. At first there were about 300 shops and banks under three floors. The ninth floor was under construction. Rana Plaza was the production of clothing for RMG factories. The brand includes 28 retailers from Spain, Italy, Canada, Ireland, UK and USA: Beninton, Bonmark, L.Court Engels, Joe Forrest, Mango, Matlan, Primark, The Children's Place, and Walmart.⁹⁹ The ruling was owned by local court's local leader Sohel Rana, Political party, Awami League.

On April 24, 2013, at around 9 pm, the building collapsed and 1,129 people died and about 2,521 people injured.¹⁰⁰ Within a few hours of the fall, UN offers to many special support for rescue the workers but this proposal was rejected. A similar offer to International Authorities and Rescue Support, including a formal offer for sending governmental authorities, it's a team of experts from Britain, which was also rejected.¹⁰¹ At last the local rescue team provides food, Water, oxygen and try their best to rescue the victims, but the speed of rescue was very slow. But they don't have any necessary training, equipment. The rape of the tears down their anger and try to participate in rescue operations by removing the debris with their perfect hands. Normal public and various organizations provided cash, food, medicines and materials, because of their ability.¹⁰²

Based on the Center for Policy Dialogue report, z 1,129 bodies were recovered, 2438 workers were found. It is calculated that total of 332 people who could work in different sector in that same building.

The initial results of the government investigation have found that heavy machinery for garments, high power generators, and low quality materials during the building construction was largely responsible. The investigation officer of his collapse also said that the top three floors of nine storied buildings have been added without any permission of the government authority which included its defective structure may be the root cause.¹⁰³

⁹⁹ Luckerson, V., 2013. Bangladesh factory collapse: Is there blood on your shirt. Available from <http://business.time.com/2013/05/02/bangladesh-factory-collapse-is-there-blood-on-your-shirt/> [Accessed 28 August 2014].

¹⁰⁰ Alam, J. and F. Hossain, 2013. Bangladesh collapse search over; death toll. 1: 127. Available from <http://news.yahoo.com/bangladeshcollapse-search-over-death-toll-1-127-122554495.html> [Accessed 24 February 2014].

¹⁰¹ Nelson, D.I., 2013. Bangladesh: UK rescue aid rejected after Dhaka factory collapse. Available from <http://www.telegraph.co.uk/news/worldnews/asia/bangladesh/10024004/Bangladesh-UK-rescue-aid-rejected-after-Dhaka-factorycollapse.html> [Accessed 16 August 2014].

¹⁰² Mustafa, H., 2013. Brief history of the Rana plaza tragedy. Available from <http://news.priyo.com/2013/05/14/end-savar-battle.html> [Accessed 19 January 2014].

¹⁰³ Campbell, C., 2013. Dying for some new clothes: Bangladesh's Rana plaza tragedy. Available from <http://world.time.com/2013/04/26/dyingfor-some-new-clothes-the-tragedy-of-rana-plaza/> [Accessed 20 January 2014].

Identifying nine reasons for Rana Plaza found similar results of BGMEA investigation committee.

- Destruction, including false building design, explosion construction, very bad qualities pillars.
- On the roof of that building has very heavy generator.
- The building was not perfect for the garments industry
- Instead of setting up heavy machines for retail purposes, and garment factories.

Later, other specialist investigator also concluded that building had constructed by very poor qualities materials very low quality material, such as cement, pillars. Heavy industrial equipment downstream, lack of fire extinguishers and so on. Absolute absence of safety standards has contributed to this phenomenon.¹⁰⁴ Several officials reported that the accident occurred before the building collapsed, and the record of cracks on various TV channels is seen. But Sohail Rana, The owner, he said to the media that the building is good enough to use and workers should be started their daily work. Many living people reported that the factories of the factories ordered to ignore the risk of workers and return to work. Management of the buildings are threatening workers to not pay their salaries, if they were not follow the order, and which things forced to the workers to return the work.¹⁰⁵

Both of the accident was very serious and EU has made some strict rules and regulation for the safety of workers life. After this accident, the workers are very afraid to work in factory. So the labor cost has increased. And the ratio of Exporting to EU market has gone down. Still the RMG sector suffering for that accident.

5.1.3: The Strong Competitors:

China, Bangladesh, Vietnam and India are the world's famous RMG exporters. In October 2012, 348 clothing importers surveyed in touch website, 61% said that they had imported the RMG products at least one of them. Number one is China, the most popular with 21%, Bangladesh and India are at 14%, while Vietnam 12%.

So these three are the very strong Competitors for Bangladesh. Although there is a well-established clothing industry in four countries, every country has their own business

¹⁰⁴ Manik, J.A. and J. Yardley, 2012. Bangladesh finds gross negligence in factory fire. Available from <http://www.nytimes.com/2012/12/18/world/asia/bangladesh-factory-fire-caused-by-gross-negligence.html> [Accessed 17 January 2014].

¹⁰⁵ Manik, J.A. and J. Yardley, 2012. Bangladesh finds gross negligence in factory fire. Available from <http://www.nytimes.com/2012/12/18/world/asia/bangladesh-factory-fire-caused-by-gross-negligence.html> [Accessed 17 January 2014].

environment that may be less or less eligible for production needs. First point to choice the exporter country for importer country is Low Labor cost. But doesn't mean that, the factors are not important. Other factors are also very important. They are: Quality, delivery time, Quantity etc.

1. Garments industry enhancement (in trends):

In the western side of EU, it is very difficult to find out oil didn't bought a piece of cloth with the "Made in China" label. It's means China is very known For EU people. China is still maintaining its position as the world's largest garment exporter, but may come in these years. China's garment industry has grown by 4% since 2010; its number fell to 7% in 2015 and 2016.

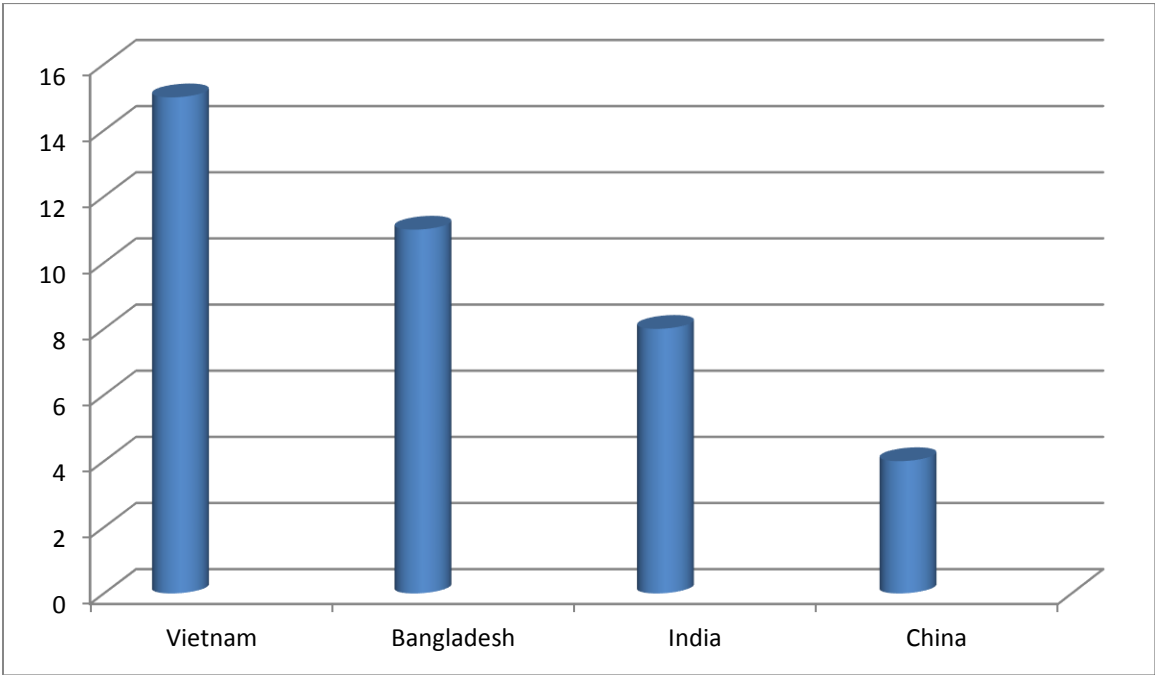


Figure 5.1: The growth of Garments Industry from 2015 to 2016.¹⁰⁶

China is still a main exporter in this sector, but RMG exports in the coming year will likely be counted in a small part of China's total GDP. But China's growing wage will be the reason for more clothing importers to search for less developed countries with low production cost.

¹⁰⁶ Oliver knack, In touch manufacturing services. Top 4 Asian Countries for Garment Manufacturing, September 5th 2017. <https://www.techpacker.com/blog/top-4-asian-countries-for-garment-manufacturing/>

1. Labor availability:

China is the most populated country. Many importers believe India is China's biggest potential competitor, because of its large number of worker, its mean India as a particularly attractive option for making large career clothes.



Figure 5.2: Labor force and productivity, 2016.¹⁰⁷

Bangladesh has third position for the labor force and productivity. Because Bangladesh is a very small country compare to other big country like China and India. Above chart shows that where China has 908 millions and India has 514 millions of workers, in the same sector Bangladesh have only 84 million workers. And Vietnam has only 55 million workers but its productivity is more than Bangladesh (see the above figure).

1. Skilled labor:

Production clothing is particularly less skilled industry, so the garment importers are not particularly concerned that any worker is skilled or not. However, efficient labor in managerial positions can reduce the lead times, which increase a factory efficiency and productivity.

¹⁰⁷ Oliver knack, In touch manufacturing services. Top 4 Asian Countries for Garment Manufacturing, September 5th 2017. <https://www.techpacker.com/blog/top-4-asian-countries-for-garment-manufacturing/>

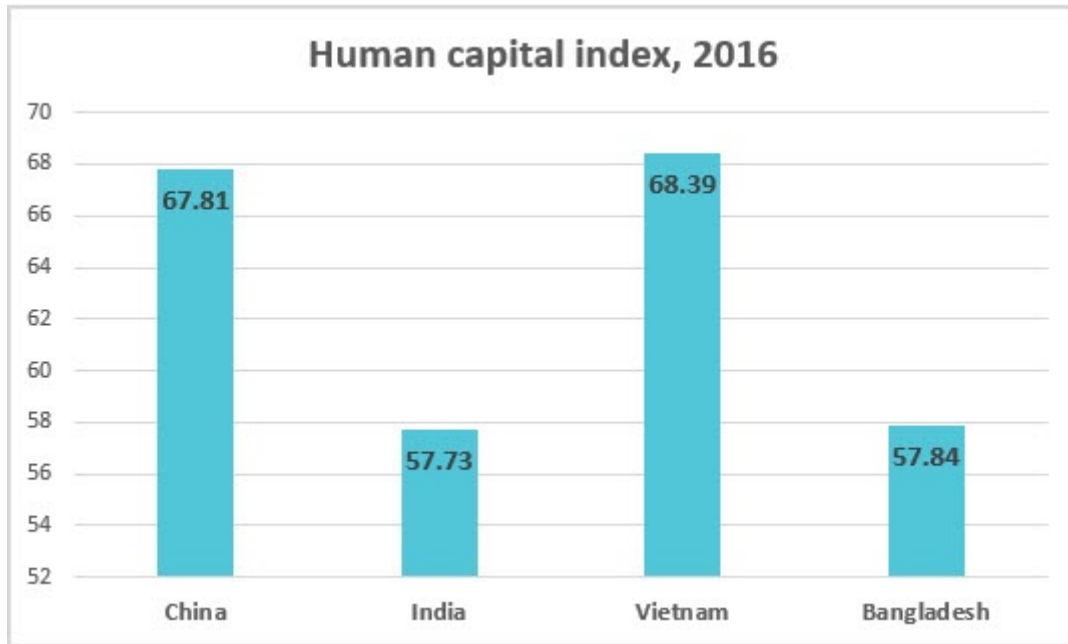


Figure 5.3: Human capital Index, 2016.¹⁰⁸

Bangladesh is particularly faced many problems but the main problem is lack of trained labor in garments sectors. 79% of total exports of Bangladesh are basically depending on five main RMG products. These are: T-shirts, Trousers, Jackets, Sweaters and Shirts. Apart from adequate trained labor, they struggle for increasing quantity of product in Bangladesh.¹⁰⁹

2. Trade related infrastructure:

Customer procedure, timeliness of shipment and overall quality are included infrastructure. Below table will show the point of trade related infrastructure between the 4 competitive countries:

Country	Burden of customers procedure (2016)	Timeliness of shipments (2016)	Quality of overall infrastructure (2016)
China	4.4	3.90	4.5
India	4.6	3.74	4.5
Vietnam	3.5	3.50	3.6
Bangladesh	3.3	2.90	2.8

Table 5.1: Trade related infrastructure¹¹⁰

¹⁰⁸ Oliver knack, In touch manufacturing services. Top 4 Asian Countries for Garment Manufacturing, September 5th 2017. <https://www.techpacker.com/blog/top-4-asian-countries-for-garment-manufacturing/>

¹⁰⁹ Oliver knack, In touch manufacturing services. Top 4 Asian Countries for Garment Manufacturing, September 5th 2017. <https://www.techpacker.com/blog/top-4-asian-countries-for-garment-manufacturing/>

¹¹⁰

China has the better point of trade related infrastructure. On the other hand Bangladesh has very low point. So it has proofed that Bangladesh has very strong Competitors in International market, Basically in Europe.

5.1.4: Inter-cultural Business Etiquettes:

In all types of global business Cultural difference is a remarkable factor for the best business output and so that knowlwdge on Inter-Cultural Business Etiquettes is mandatory for both EU buyers and Bangladeshi RMG Industry Professionals. By the terms elements of culture we understand the language, hospitality styles, religions, attitudes & manners along with aesthetic, social institutions and educational system etc of a nation. So it is very usual to have different cultures in different countries of different nations. Though it is not so easy to understand and adapt with a new cultural business environment but it is must to bring out maximum success and business output everywhere. There is no doubt that understanding and dealing with cultural competence is an vital management skill in Global business management issue. People from DF group is always task oriented while people from the relationship focused group are always person-oriented. Examply people from this group are habituated to deal with friends & family and having a right contact is really a prime conductor for both buyers and sellers in this relationship focused group. Normally it is a matter of certain time for developing faith and personal relationship between buyers and sellers from two different Inter-Cultural Business Etiquettes.¹¹¹. Foreign Buyers know Bangladeshi RMG Industry as a relationship-focused, polychromic and formal Cultural Business industry. Though poverty is not a business barrier but bureaucratic system of Bangladesh for multinational business environment is a big barrier there. To set up an appropriate local contact in Bangladesh should be the first step of European Buyers for the trouble free maximum business success. Actually this local contact will be responsible for managing all dealing with Bangladeshi government authorities and local RMG organizations and factories. Though it may looks a bit aukward to the foreign buyers when any Bangladeshi government high official receive any phone call middle of an ongoing business meeting but this is normally acceptable in Bangladesh specially for the Government high officials as they are considered as highly respected designated officials in the polycromatic culture of the country while it would be totally a reversed issue in Finland.¹¹² So the foreign delegates should

¹¹¹ Czinkota M. R. and Ronkainen I.A. 2004 International Marketing. 7th edition. Stratford Publishing Services, USA. https://www.theseus.fi/bitstream/handle/10024/34170/Afrin_Tania.pdf?sequence=1

¹¹² Gesteland, R. 2003 Cross-Cultural Business Behavior, Marketing, Negotiating, Sourcing and Managing Across Cultures. 2nd edition. Copenhagen Business School Press. Narayana press. Gylling

understand and have extra patient during any business meeting. According to the Bangladeshi Company Organogram System all major decisions are taken by the Managing Director (MD) of the company and this is the business culture there. So it should not be any surprising issue for the foreign buyers get three responses out of their five emails because still now most the Managing directors are not habituated with this business email etiquette! But the very friendly manners and foreign guest welcoming style of Bangladeshi nation is really the biggest positive factor in this business issue as they are always highly dedicated for the best possible hospitality management for their foreign guests as they can do their best. Friday is their weekend holiday as their special prayer day named as “Jumma prayer”.¹¹³

Every coin has just two sides! Where Bangladeshi Inter-Cultural Business Etiquettes are so, on the other side European situation is quite different! Finland & Sweden are remarkable clients of Bangladeshi RMG Industry and both of these two countries are contract-based, monochrome and formal cultural patterns according to the global RMG Industry. People of Sweden like to maintain the social behavior of the community that belongs to Modesty, equality and efficiency. Management level is quite different than Bangladesh there such as flat in structure! In Sweden a Managing Director of any company has very close and usual relation with such an elementary employee of the company that is truly impossible for Bangladeshi counterpart! Sweden culture is transaction-oriented and they want to focus their deals and they are actually straight forward about the business discussion without any unnecessary courtesy discussion! This direct behavior from Swedish buyers may not be acceptable from Bangladeshi RGM Industry but it can be easily overcome!¹¹⁴

Though some sources are showing Finland & Sweden in same cultural track but it can't be possible in reality as the continental difference! This is not a big issue to deal with Finnish and Swedish buyers as they are from same Scandinavian group. So that it is recommended to all European Buyers to be informed and to be adapted Bangladeshi culture quite well before any mass production deal. According to the redQ¹¹⁵ it is positively clear that foreign buyers can easily do business with Bangladeshi RMG Industry because government officials and other organization without any trouble. Knowing Bangladeshi culture by heart is the prime advantage in this issue where the owner of the project often can visit the country over the year and can recruit appropriate manpower for the best business output. After recruiting any

¹¹³ Lewis D. Richard 2004, When Culture Collide, Managing Successfully Across Culture. Revised edition. Nicholas Brealey Publishing Limited. UK.

¹¹⁴ Lewis D. Richard 2004 When Culture Collide, Managing Successfully Across Culture. Revised edition. Nicholas Brealey Publishing Limited. UK.

¹¹⁵ redQ Case Company description www.redq.se Retrieved 22 September 2010

management level professional the owner can train him/her in Sweden and at the same time the recruit can easily understand the Swedish culture while living with any Swedish family for few months. On the like other hand business between Finland and Bangladesh can be depicted same like Sweden because of almost same cultures and customs of these two Scandinavian countries when it is redQ. Necessary documentation and paper works to trade globally beside European countries are not so complicated without the payment issue as the currencies are different. So it is advised to fix this issue before starting the contract process. RedQ has already started the discussion process with different Finnish business groups, but it is still under the discussion process.¹¹⁶

5.1.5: Problems with Trade:

Bangladesh has the second position as exporter country in the world in RMG sectors. But it faces so many problems for the long time.

1. Deficiency of Consciousness:

Sometimes Bangladeshi Exporters can't properly capture the global market and to convince their foreign clients because of their deficiency of consciousness that is a failure of them to avail full opportunities in the global market compared to other competitors.¹¹⁷ Appointment of ambassador for Bangladesh and Export Promotion Bureau has significantly failed to provide opportunity to export and capture the world market. Trade for new Bangladesh entrepreneurs is still not a business.

2. Insufficiency of Fund:

Export trade assumes procuring items through manufacturing as well as purchases and sufficient fund is required in both cases which actually cannot be handled properly by many professional experts. Sometimes financing reports by Bank were found inefficient too! As a result, export finance related benefits and benefits should be encouraged.

3. Quality of Manufactured Products and packaging

The export of Bangladeshi RMG Industry usually faces severe competition in European market .For exporting product, price is important but the ensuring quality of products is more important than price. The products are complied by the quality of the products as poor and adulterated as quality. In addition, the importance of packing may not be of great importance

¹¹⁶ redQ Case Company description www.redq.se Retrieved 22 September 2010

¹¹⁷ Business Daily 24th Problems of Export Trade in Bangladesh .<https://businessdaily24.com/>

to maintain customers' attention and quality. In this context, Bangladeshis are far behind than their rivals.

4. Deception of some exporters

There are some complaints about exporting lower quality products that are not same standard like the sample given by the buyers and so that the industry lost some valuable buyers, misrepresentation of faith and aviate items sent. Later, a weight and measurement done by some are alleged as corruption, but common ideas go to the shoulders of all the exporters.

5. Bureaucratic control

Red tape and friendly bureaucracy are very normal problems in export process of Bangladeshi RMG manufacturers. Export process is not free there and some Exporters complained about this complex processes including demanded bribes by different government authorities that discourages them for export business.

6. Conduction and Store house problem

Transportation costs are high, strikes and strikes and vehicles, auto run etc. are absent from the satisfactory level of export trade in Bangladesh. House inadequate as a result, the exporter faces both problems in both transportation and warehouse housing products.¹¹⁸

5.1.6: Unstable Political Conditions:

Development of a country is mainly depends on the smooth, sound and stable political system of the country. Democratic government, financial policies, financial policies help in achieving economic growth. But due to political unrest, strikes, conflicts, labor unrest, etc. An unexpected black shadow appears in the sky of Bangladesh recently. The most reported and remarked political issues of the country are as follows:

- Non-appearance of the correct democratic system.
- Lack of the rules of law
- The situation of conflict among political parties.
- Lack of democratic behavior among political parties.

Bangladesh has two main political parties, 1. Bangladesh Awami League and 2. Bangladesh Nationalist Party. Bangladesh is a political instable nation. In Investigation Found that two

¹¹⁸ Business Daily 24⁴⁴ Problems of Export Trade in Bangladesh .<https://businessdaily24.com/>

parties are involved in political unrest between economic expenditure; A direct cost and no indirect costs. The direct cost includes strike or Hartal. The word “HARTAL” meaning is HAT-market and TAL-locked. It was common to perceive the bonds or shops or business activities ties or any needs in protest. In Bangladesh, the number of strikes can increase their eyebrows. The strike brought much violence. Waste time, lose a lot of life

In RMG sector its bring more problems. Because of unsuitable political condition people cannot go out from their place. So it makes delay to supplies the products in due time. It makes the importer countries unhappy.

5.2: Strategy for overcoming the Challenges:

If has the challenges so it also has the solution. To overcome the Challenges, need to improve the knowledge. The improvement of knowledge only possible through education, training, consultation, and counseling. Other things are market research, stimulation and improving cooperation and policies of government bodies.

5.2.1 : Appropriate Marketing Scheme:

Preparing appropriate marketing scheme of RMG products only leads the growing up process of foreign customers as well as their interest on the products. Gaining maximum interest of customers is the biggest business success of every company and to do that adequate step should be taken by all companies. Positive product’s feedbacks from satisfied customers are the main pillars for exporters and manufacturers to move forward.

In order to prepare appropriate target oriented marketing strategies there are four factors must have to be implemented.

- Attractive design policy of products
- Day to day updated market information
- Getting new Consumers
- Promotional endeavors

Attractive design policy of products:

Fashion Designers must have to be updated with the regular trend but it is unfortunately true to the Bangladeshi designers as most of the time their only sources of advancement are internet, trade fairs and some other events because they have not any other alternative there; in reality there is nothing named Research & Development (R&D) in any Bangladeshi

company! So it is difficult for them to produce best updated designs sometimes. But this issue is non-negotiable for this business.¹¹⁹

Process of Product designing:

Strategic activity sets from commercialization to plan generation, used constructing product design. Evaluate the evaluation and concept of product designers, their practical implementation and RMG products. This is the main responsibility of fashion designers combining scientific and technologies with arts and crafts to produce new designed products those will be attracted to customers. Their alleged role has been made available through digital tools, which are now in the communication, imagination, analysis and realization of designers, a method that will accept more manpower than the past.

1. Analysis

Accept the situation: Here, the designer has decided to submit to the project and are looking for solutions of maximum problems. They have applied all of their possible resources to figure out all work related solution efficiently.¹²⁰ Consumers choice including the below mentioned factors are not negotiable in RMG Industry:

- Season based cloths
- Comfortable Size
- Quality

Designers have to ensure above mentioned qualities of the products from first to last process. In this stage, everyone in the team is responsible to research properly to gather specific necessary data that can helps to understand how materials can solve their problems. Among these other statistics, there may be a range of statistics, questions, and articles.¹²¹

2. Conception

After a comprehensive analysis of all remarkable problems along with consumer requirements, the company can prepare clear conceptions of New Product Designs.

3. Implication

¹¹⁹ 5 Czinkota M. R. and Ronkainen I.A. 2004 International Marketing. 7th edition. Stratford Publishing Services, USA. https://www.theseus.fi/bitstream/handle/10024/34170/Afrin_Tania.pdf?sequence=1

¹²⁰ Koberg, J., & Bagnell J. (1991). The universal traveler: A soft systems guide to creativity, problem-solving and the process of reaching goals. W. Kaufmann

¹²¹ Koberg, J., & Bagnell J. (1991). The universal traveler: A soft systems guide to creativity, problem-solving and the process of reaching goals. W. Kaufmann

In this level designers think and combine different types of data to produce possible best design without any biased analysis but based on the primary thought.

Select: Up to now, most of the designers have narrowed down their ideas to a definite number, that can be sure success and from there they can outline their plans to create the product.

Implementation: This is where the prototype is built, the plan mentioned in the previous step is realized and the product starts to be a real object

Assessment: All products are tested properly at this final stage and improved thereafter. Although it is happening in final stage but it does not mean that the process is over finally! If completed prototypes do not work, new ideas have to be generated again.

Day to day updated market information:

Manufacturers and exporters must have to collect day to date updated market information to prepare proper business and export decision and this day to day info can be obtained from several authentic sources. Many RMG manufacturers and exporters were interviewed by different researcher teams about this issue but according to their statements it is clear that they are not properly aware of day to day updated global RMG market. Unfortunately it is true that very few RMG exporters from Bangladesh maintain this up to date information collection procedure from International RMG Market. Bangladeshi exporters are habituated to gain information from BGMEA, the Chamber of Commerce and different types trade fairs. In this millennium Internet world is a vast info ocean of any industry but still now it is unfortunately neglected or about unknown to Bangladeshi exporters.¹²²

▪ **Getting New Consumers:**

This is an old era that if there is no new client in the business, number of old clients will decrease day by day and the business will fall down. In RMG export business Bangladeshi businessmen also have not any alternate choice regarding new consumers and client issue. This issue is being vividly described with the ‘Promotional Endeavors’ factor below.¹²³

▪ **Promotional Endeavors:**

¹²² Czinkota M. R. and Ronkainen I.A. 2004 International Marketing. 7th edition. Stratford Publishing Services, USA. https://www.theseus.fi/bitstream/handle/10024/34170/Afrin_Tania.pdf?sequence=1

¹²³ Czinkota M. R. and Ronkainen I.A. 2004 International Marketing. 7th edition. Stratford Publishing Services, USA. https://www.theseus.fi/bitstream/handle/10024/34170/Afrin_Tania.pdf?sequence=1

In Bangladesh RMG Industry still now exporters are using some backdated manual promotional policies like using some leaflets and catalogs with very small products information that are not workable in modern days. Organizing some trade fairs are good but not enough to achieve the best. In reality Internet, different overseas online professional business network platforms and well decorated company websites can be the best promotional endeavors for their maximum business success that is still in dark in Bangladesh. They should overcome this darkness shortly.¹²⁴

The modern RMG product should have:

Variety	Many type of sizes, Colours
Quality	High quality
Brand Identity	The strong brand identity that secures the important position within the target goal buyer
Features	Advanced and sophisticated features that have consumed the product from the rest Competitors.
packing	Attractive, User-friendly packing
Design	Unique, superior design which can attract customer
Services	On time services , first services

Table 5.1: Modern RMG Product should have¹²⁵

5.2.2: Work on Human-Resources Management

In contrast to China, there is no problem in finding RMG workers to meet labor-intensive tasks like cutting, pruning, and stitching, sewing and packing workers of Bangladesh. However, human resource management is an important issue required by foreign investors and buyers to deal with Bangladesh on a daily basis.

Labor and employment culture of Bangladeshi can't recognize that China or Hong Kong is not compatible with business efficiency like other RMG developing countries. Usually a good prospect in Bangladesh's labor force and finally managed issues.

¹²⁴ Czinkota M. R. and Ronkainen I.A. 2004 International Marketing. 7th edition. Stratford Publishing Services, USA. https://www.theseus.fi/bitstream/handle/10024/34170/Afrin_Tania.pdf?sequence=1

¹²⁵ Charles J Dirksen, AK 2000, Advertising Principles and Management Cases, 10th edn, Richard D. Irwin Inc., USA

1. Productivity Needs Further Improvement

China's factory structure and diversification has been set up mostly by China, which is a mature production-based production with rapid development of more than 20 years, which is the unique strength of productivity and increased efficiency.¹²⁶ The labor productivity of Bangladesh is significantly lower than that of China, both in production frontline and management level. Upswing taking advantage of low cost labor facility, but performance and operational challenges will be presented to ensure standard and delivery on time.

Many employees of the frontline production team are uneducated or very limited educated and some of the male employees among them have farmer background. Since they are not properly trained, some important methods, such as labeling and stock cutting, cannot be done properly in the flow of production. More workers need production lines. Quality of the manufactured product is not similar to product produced by China or Vietnam workers, and the high waste is reported.¹²⁷

Most of the local authorities do not have up-to-date management knowledge in the field of factory management. For example, the accept line management models usually considered low productive part of team by Hong Kong manufacturers.¹²⁸ In addition, many factory managers lack the self-intentions needed to improve the efficiency of the staff and to monitor the change, to monitor the constant from top management.

2. Training and Proficiency Transfer:

Such cultural differences along with skill related variations are very common when overseas investors are enforced to move to a comparatively top country. All manufacturers acknowledged that proper training was important improving the productivity capacity. Foreign management talent primarily requires "Frontline" staff training and supervisory teams to "import" abroad from abroad for training, because local workers are not able to knowingly or skill fully set up. A top-management adjuvant is always essential to monitor the progress and the stage. A suitable strategy is required for the upgrading of top management of Bangladeshi workers at different levels and for the necessary up gradation of productivity.

Chief Executive of Quinn South Textile Mills Jamie Wang said that the company could be helpful in training human resources from the Indian company. The parts of East India's

¹²⁶ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

¹²⁷ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

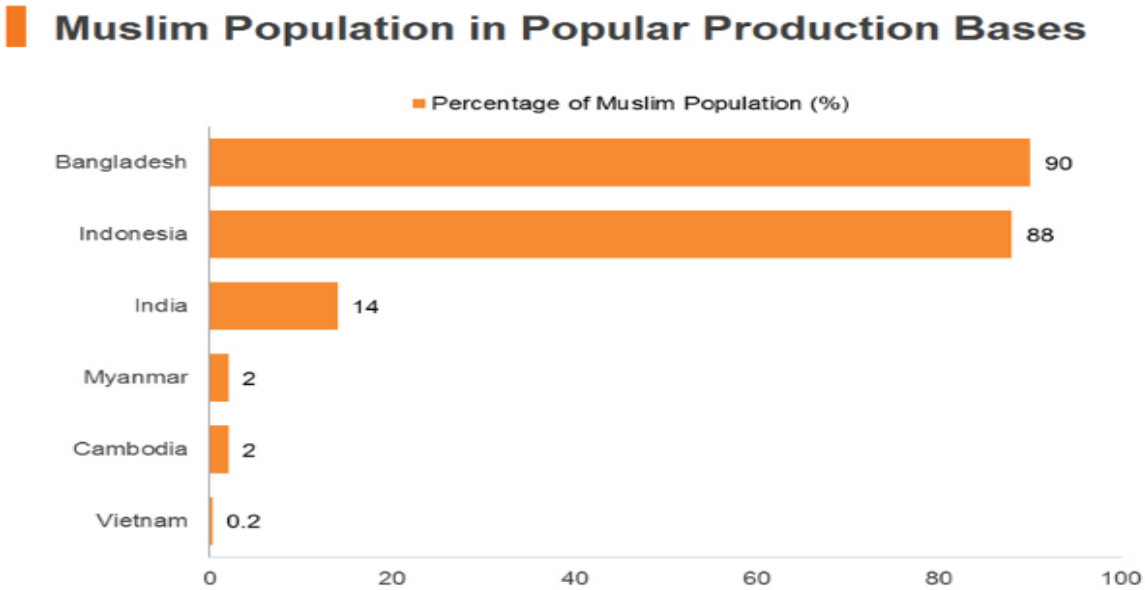
¹²⁸ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

language are Bangla like Bangladesh. There is more cultural with Bangladesh compared to China, so Bangladesh can absorb Indian training.¹²⁹

3. Cultural and Economic Differences:

After Indonesia and India, the largest number of Muslim lives in Bangladesh, it's about 90%, is one of Asia's largest and third largest population in Asia, Muslim-majority countries.¹³⁰

Figure 5.4 : Muslim in Population in popular production bases



Sources : Pew research centre¹³¹

Only the RMG manufacturing industry can absorb many workers with such little school or Bangladeshi skills. However, overseas employers, including senior factory workers, who provide income opportunities for an enthusiastic worker, are warned against the expression of arrogance or hatred towards relatively poor and backward local workers. Many female workers at work are involved, especially those who carry such tasks as sewing and stitching. These Production activities have helped women workers find more social and independence, in which the Muslim countries in Bangladesh have very little experience from many of their villages.

¹²⁹HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>
¹³⁰ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>
¹³¹ Pew research centre ,<http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/Production-in-Bangladesh-Overcoming-Operational-Challenges/rp/en/1/1X000000/1X0A8DO9.htm#>

At work, wearing hijab or headscarf is a visible expression of religious identity of Muslim women where foreign employers in Bangladesh are required to show respect and should take proper balance with respect to a uniform dress code and traditional Muslim attire.

Foreign investors must be requested by government to understand daily life routines of Bangladeshi workers. Prayer is practiced at least noon and in the evening, if not five times per day. Foreign employers should be aware that there is a large number of RMG operatives driven by indigenous people and foreign companies must note that their workers have some own social and religion cultures. In general, to maintain a specific level of social distance with foreigners, foreign workers in Bangladesh and local Bangladeshi factory authorities can set up an interpreter division to resolve maximum trust and communication issues among workers, sometimes complicated due to the need for language explanation.¹³²

4. Labor Union:

Especially after the collapse of the Rana Plaza in the year of 2013, the labor union has been activated, which has resulted in the increase of both the union and the members.¹³³ With substantial increase of factory-level labor unions in the garment sector of the country, foreign investors should be aware that labor reduction in general elections in Dhaka is common. Labor Union Program in Bangladesh although, similar to the level of Cambodia, similar moderate and strong union movements can be considered, rarely found in the country.

As most of the strike strikes in Dhaka, the producers can consider establishing manufacturing plants as other export processing zones (EPZs), such as Chittagong. Outside the boundaries of Dhaka city there is very little frequency and effect of labor reduction. There is another opportunity to reduce the supply time of export trade, about 250 km away from the Chittagong port city of Dhaka.¹³⁴ Comparatively, Dhaka's strengths remain as the commercial capital of the country, better facilities for overseas buyers and meetings, and better air connectivity than Chittagong, the skill level of the staff of Dhaka is usually higher.

Human resources activities can be very dangerous in the beginning, but can be consistent with the times. In fact, there is a need for time and patience to build trust and management between employees and formulate a labor management model relevant to their business. Meanwhile, according to estimates from the Apparels Society of Hong Kong, Bangladesh's productivity is

¹³²HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com>.

¹³³ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

¹³⁴ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

70% higher than that of China, Vietnam is less (90%) but Cambodia (55%) is higher.¹³⁵ With the supply of substantial labor in comparison to other Southeast Asian countries, including Indonesia, the labor value of Bangladesh can be in medium-term. Therefore, Hong Kong manufacturers observe potential prospects among competitive laboratories. Investment in training and workshops, which can add short-term expenses, will return medium-term skills and knowledge; eventually productivity will decrease with other expensive export economies.¹³⁶ Overall, Bangladesh is suitable for the relocation and diversification of factories, but regular management alert and firmness demands.

5.2.3: Obtaining Land and Utilities:

Inadequate infrastructure and the difficulties in achieving land and utilities are major obstacles in the production of Bangladesh. As the provision of infrastructure facilities and utility administration outside the control of foreign investors, manufacturers can only take steps to measure the situation. From the direction of the power project, Dhaka only crosses Sri Lankan and Cambodian cities¹³⁷. However, public grid electricity can only use a small part of the monthly electricity costs for the factory in Dhaka.

Table 5.3 : Ease of getting electricity in Dhaka

	Dhaka	Colombo	Phnom penh
Price of electricity (US cent per KWH)	9.3	20	17.8
Procedure required	9	100	4
Time required (days)	404	20	179
Reliability and transparency of tariff index (0-8)*	0	5	3

*0 = Poor performance , 8 = Good performance

Source : World bank , Ease of doing business report.¹³⁸

- **Dealing with Red Tape:**

As mentioned earlier, the World Bank's EODB survey out of 176, Bangladesh has been declining, and red tape and excessive administrative procedures are common. Comparison with Colombo and Phnom Penh, with various aspects of starting a business in Dhaka, it takes 244 days in Dhaka more than Kolkata and Phnom Penh. Due to regulations and compliance

¹³⁵ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

¹³⁶ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

¹³⁷ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

¹³⁸ World Bank, Ease of doing business report.<http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/Production-in-Bangladesh-Overcoming-Operational-Challenges/rp/en/1/1X000000/1X0A8DO9.htm#>

made after the collapse of Rana Plaza in 2013, Bangladesh has achieved the best in the field of building-quality control.

Table 5.4 : Ease of starting a Business in Dhaka

	Dhaka	Colombo	Phnom Penh
Registering Property			
Procedures	8	9	7
Time (days)	244	51	56
Cost (% of property value)	6.4	5.1	4.3
Quality of land administration index (0-30)*	4.5	3.5	7.5
Dealing with Construction Permits			
Procedures	14	13	20
Time (days)	278	115	652
Cost (% of warehouse value)	2.7	0.4	5.8
Building quality control index (0-15)*	10	5.5	6.5

*A higher index represent better quality

Source : World bank , Ease of doing business report¹³⁹

Essential ingredients for setting up the production complex, such as land acquisition, property registration, permitting construction and utility payment, all are appropriate ways for business operators. This is especially difficult for foreign companies to manage all these steps easily with the bureaucratic culture of Bangladesh government due to lack of language barriers and lack of business connections.

For example, some manufacturers had problems with border or sea port or airport customs clearance when their goods were being imported, such as new machines from overseas country. The concerned government officials did not have any instructions on how to run customs clearance for these machines and many efforts were spent in various government departments to complete the process.¹⁴⁰

Direct overseas investment and multinational joint ventures are allowed in Bangladesh for manufacturing as an alternative to contract a red tape as a local business partner, which often has the ability to manage administrative issues such as registration and permits.

“My local partner serves as the key interface between the factory and other parties such as the government, utilities providers and local industry associations, while I focus my attention on managing the daily factory operations” said Tommy Lee, Director Hong Kong Apparel

¹³⁹ World Bank, Ease of doing business report.<http://economists-pick-research.hktdc.com/business-news/article/Research-Articles/Production-in-Bangladesh-Overcoming-Operational-Challenges/rp/en/1/1X000000/1X0A8DO9.htm#>

¹⁴⁰ HKTDTC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

Society¹⁴¹. Local part of local joint venture in Bangladesh and this is part of the responsibility of local investors and foreign investors.

5.2.4: Reducing Logistics Time

Inadequate requirements for the development of logistic infrastructure in Bangladesh and the country's road network are inadequate for its fast growing industry. These areas of business are rather passive; just observe the balance during supply time and in other manufacturing factors.

Beni Yu, chairman of Hong Kong's Apparel Society, has expressed own experience from export processing production plant from Chittagong, where the port is based on considerable quantity of raw materials from China. It takes at least seven to eight hours for transport of raw materials in Chittagong every month from Chittagong port and in other areas where the road conditions get worse.¹⁴²

After establishing a friendly working relationship with foreign buyers, Yue noted that there is not any strong necessity to meet business contacts and other parties from Dhaka, thus giving Chittagong the opportunity to choose their productivity, thereby reducing supply and spending. The other options available in Chittagong are less labor reduction, cheap land and more land for expansion.¹⁴³

As the world's second largest exporter of RMG products, supply performance of Bangladeshi RMG Industry requires instant improvement. It is much worse than the neighboring India of South Asia, and is driven by the major RMG exporters in Southeast Asia, such as Vietnam and Cambodia; it currently carries an obsolete RMG supplier in Myanmar. But this is something that has attracted more attention due to recent labor costs than its Asian counterparts.¹⁴⁴

5.2.5 : Gauging Currency Exchange Risk

Common issues that are considered when investing in a foreign country in exchange for high rates of exchange rate and currency conquest are considered that orders made in US dollars are provided, when a large part of the cost of production, including machinery charges, is valued at local currencies or US \$ Again fluctuate against The exchange rate of Bangladeshi money in Bangladeshi money was about 1:65 in 2005, which rose to 1:84 in 2012, which

¹⁴¹ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

¹⁴² HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

¹⁴³ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

¹⁴⁴ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges,14 december, 2016.<http://research.hktdc.com/>

stood at a little lower than 1:79 earlier.¹⁴⁵ Hong Kong manufacturers have taken interviews that exchange rate predictions and hedging operations will be difficult to involve.

In addition, exchange control problem is fraud. The Bangladeshi Central Bank manages exchange control for reducing capital exposure - so transactions are done and adjustments are made to adjust the regular on the order after the money is deposited in the penalty¹⁴⁶. There is a combination of factor and price and payment terms for the control of exchange of business owners.

5.2.6: Get Government Support;

After the Tazreen fire and Rana Plaza accidentally, the government of Bangladesh took various steps to ensure the security of overall workplace safety in the textile sector as well as to ensure the commitment of the international community. The Constitution includes the planning of a national tripartite fund, the implementation of permanence compact and surveillance of law reform and policy reform, administration and practical action.

Here are a brief summary of some steps currently raised by the government:

1. Amendment of the Labor Act:

Bangladesh Labor Act, 2006, was amended on July 16, 2013 and the trade union organization and joint barges were expanded. With this, National Occupational Health and Safety Policy are adopted by the government in 2013.¹⁴⁷

1. Register of Trade Unions:

After the amendment of the Labor Act-2006, the overall situation of the registration of trade union in the RMG sector has become terrible. ILO has launched a training program for new constitutional union officers.

2. Formulation of rules:

The rules are published in a formal gazette on September 15, 2015.¹⁴⁸

2. Upgrade of DIFE:

The government has upgraded the Department of Inspection of Factory and Establishments (DIFE) in the full-fledged department through an accelerated process.

3. Labor Inspectors Training:

After upgrading DIFE, the government provides various training for inspectors with the help of ILO and other development partners.

¹⁴⁵ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges, 14 december, 2016. <http://research.hktdc.com/>

¹⁴⁶ HKTDC, Research, Production in Bangladesh: Overcoming Operational Challenges, 14 december, 2016. <http://research.hktdc.com/>

¹⁴⁷ BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

¹⁴⁸ BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

4. Public Accessible Database:

In collaboration with IAE, DIFE has created a publicly accessible database of 3,746 export-based RMG factories (<http://database.dife.gov.bd/>) on March 30, 2013, 2013.¹⁴⁹ The database contains all the information including name and address, number of employees, etc from Export-based RMG factory. It summarizes the safety assessment report of the factories reviewed by the Accord, Alliance and National Initiative.

5. Inspection Planning and Inspection Policy:

Annual Inspection Plan for 2015 for DIFE has been created and an Inspection Policy is being formulated.¹⁵⁰

6. Regular inspection:

Directed by Labor Law-2006, Inspectors of DIFE are conducting regular inspections. Enforcement of law is ensured through regular inspection. In case of non-consent, the factory owners issue notice for amendment and the factory owners are sued due to the failure to amend.

7. Tripartite National Action Plan:

In collaboration with the ILO (International Labor Organization), Tripartite National Plan of Fire Safety and Structural War of 1971 was adopted in the RMG sector. According to the plan of action, the ILO is implementing the USD 24.5 million project under the Ministry of Labor and Employment.¹⁵¹

8. Assessment of Structural, Fire and Electrical Solidarity:

A plan has been prepared for the assessment of construction, fire and electrical safety in the 388 active export oriented RMG factories under the supervision of ILO and under the supervision of National Tripartite Committee (NTC)¹⁵². A general standard for the fire, electrical and building safety assessment of factories has been made by all enterprises, such as the National Tripartite Plan of Fire and Structural Integrity (NTPA); Bangladesh Accord on Fire and Building Safety as well as the alliance for Bangladesh Worker Safety.

Evaluation reports have been sent to the respective factories for detailed engineering evaluation and implementation of DIFE's district office under frequent supervision and supervision. According to the recommendation of the authorities, all the factories have been repaired. In this context, DIFE has started monitoring the warnings taken by the factory

¹⁴⁹ BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

¹⁵⁰ BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

¹⁵¹ BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

¹⁵² BKMEA, Development and evaluation of Bangladesh knitwear industry: http://www.bkmea.com/bangladesh_knitwear.html

owners. Two taskforce is working to implement the remedial measures taken by factory owners.

5.2.7: Have a better knowledge about EU market:

European market is a very vast market consists of all countries of Europe. Every country has some own cultures that actually make huge cultural differences among the inter country markets in EU zone. So it is very important to understand these different cultural influences on the clothing products demanded by the customers of EU countries. Beside Bangladesh is a very fast growing garments manufacturer Asian country with a totally different culture and climate. So that the following steps should be taken by Bangladeshi manufacturers for the maximum export ability in EU Markets:-

1. Improving the capabilities of Fashion Designers, Managers and all other relevant Professionals at European standard:

Since the Bangladeshi garments industry are exporting quality products in EU market, in that case they must have to educate their industry professionals like fashion designers, managers and other relevant professionals at EU standard from different European Universities and from other EU organizations and training centers. By joining different courses in EU institutions the Bangladeshi professionals only can gain clear knowledge about EU Cultures, Climate, Customers demand and all other necessary factors of EU market. Beside Bangladeshi industry should welcome all other professional talents working in EU industry to contribute the development process of Bangladeshi Garments Industry and its maximum export ability to EU market.

2. Understanding demands of EU Customers:

There is no alternative to Bangladeshi garments industry if they fail to understand demands of EU customers such as customer's habits, preferences, consumption ability and others. For the Bangladeshi designers it is obligatory to understand the different cultural and climate issues of all the European countries to produce the best product designs that will be attractive to the EU customers. Every EU country has some specific desires of clothing. So it is very important to know about that and to maintain for the maximum positive responses of EU customers. EU customers always want new fashionable designs and the best quality products. By ensuring this points Bangladeshi garments industry can easily win the hearts of EU customers.

3. Bangladeshi Garments Industry should analyze about own products:

In order to export maximum qualities and quantities of products to EU market Bangladeshi garments industry should analyze more about own manufactured products. Only analysis on EU design and trends is not enough to bring out maximum exporting success. EU customers love many designs of Bangladesh too. So if they can figure out these factors they will get more options to integrate many more Bangladeshi designs and products in EU Market.

5.2.7. Final recommendation:

RMG sector is the single biggest place to make employment generation, income and foreign earnings and growth of the Bangladeshi economy. However, RMG-sector has been able to realize its full potential due to poor infrastructure, lack of power and supportive governance, inefficient management and lack of industrial solidarity. Conducting these issues through joint efforts, the Bangladesh economy can understand its development dream and improve the quality of life and methods.

The RMG sector can be a catalyst for achieving the goal of lifting a middle income country and is recommended in the end.

1. Trade policy:

- For the next 5 years or more, the tariff is 15 percent or less.
- All trade related QRs should be replaced by appropriate tariff.
- Strengthen the commercial parts of the embassy, with performance-based recruitment and Commercial Advisor Expedition.

2. Regulatory process and governance

- Facilitate organization registration, licensing, and unnecessary cancellation procedures, improve License Regulation.
- Export-import tariff for other exports; Customs administration enhanced.

3. Labor policy :

- Change the labor policy permitting women to work for trafficking at night.
- Providing dormitory facilities for the workers.

4. Infrastructure and Utility

- Install the gantry crane for port infrastructure and container terminal banks for investment in the ship.
- Allow handle inbound containers to set off-the-dock yards.
- Gas pipelines and gas with essential gas investment in the infrastructure
- Increase the road width of Dhaka-Chittagong road construction
- Adjust the cost of freight services and increase the number of freight trains. Commercial Rail launch in Railway management.

5. Standard of Quality

- Establish good quality testing laboratories and increase existing laboratory capacity.
- Improvement in the government and hygiene and other food security control industry skills.

6. Enterprise capacity and marketing

- Development of EPB, BGMEA and / or BIFT-in-information services
- Support trade missions, trade fair participation, buyer-seller match-making and training.
- Developing the financing process for sustainable training (contribution to the industry)

7. Others:

- Suitable infrastructure facilities will be set up with multi-modal transport facilities, integrated supply of energy through universal private issues.
- For the innovation of Ate new product idea, sound initiative for research, training and development, especially BGMEA, increase the skills of the workers.
- Citizens and other social-political stakeholders must take necessary initiatives to ensure a sympathetic political environment to reduce and maintain corruption.
- A Trade Assistant Environment, the investment friendly, financial and financial policies will be prepared to reduce the burden of existing and potential investors.
- Export subsidies; phase out, including new additions to the last 2-3 years.
- Reforming financial sector to fix a new low interest rate chart.

Chapter 6 : Conclusion

Recent news reports in the local and international media have highlighted the quality of Bangladeshi RMG artists this day. Factory owners have achieved 44% repair work, as far as the major program Accord and Alliance Bangladesh have suggested significant progress in allowing factory workers. However, some reports show that the factory owners will have to make changes in their discretion so that workers union workers can effectively claim the use of trade unions. Statistics show that currently 92 percent of the workers pay minimum wages to the workers. The security situation has improved greatly among the two major trade firms of the Bangladesh Knitwear Manufacturers and Exporters Association's(BKMEA) factories and members of Bangladesh Garment Manufacturers and Exporters Association(BGMEA), but the condition is not so much that the 700 sub-contract factory. Government and owners of the garments should try their current activities to improve security and safety conditions in BGMEA and BKMEA factories and sub-contracting factories, most of which are not two members of garment companies. International retailers and brands, which made garment accessories from Bangladeshi factories, were committed to making more money for garment products, but did so. Rather, the cost of clothing in Bangladesh has declined by 41 percent in last 15 years.

Bangladesh RMG is the best exporter due to cheap labor and favorable trade Status. Bangladesh mainly earns about \$ 8 billion by exporting Europe and The United States The total export revenues of this country are about 75 percent. It employs more than 2 million employees, most of whom poor women are criticized for its high level of corruption in the country, collision politics. Its clothing industry is held as a successful story. After the end the multi-fiber deal and new world trade changes, it was intimidating that Bangladesh's swift textile industry would be damaged as it did lose business in countries like China and India. But fortunately for Bangladesh, so far this is so far. Bangladesh RMG industry is growing with the healthy rate of 20 Percent, it does not mean that the Bangladesh garment industry has become more Competitive.

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