FTA FOCUS

Is Bangladesh a Success Case?
Bangladesh: A Country Striving for a Promising Future

Bangladesh is a fascinating country with a stunning landscape and a turbulent history, but it is also a country full of contradictions. Our perception of Bangladesh tends to be inequitable, and this is understandable as the images of the tragic deaths of the Rana Plaza collapse in April 2013 will be etched in our minds forever. But we would do wrong to the courageous people of Bangladesh to reduce their country to this catastrophic incident.

The macroeconomic figures of Bangladesh are impressive. The country’s GDP is predicted to grow annually at an average of 6.6% between 2013 and 2018, while between 2010 and 2013, total trade grew on average 19% per year.

Moreover, in the Human Development Index (HDI) Bangladesh has consistently moved up the ranks since the 1980s.

While the country has undergone remarkable development in recent years, it is clear that far more efforts are needed and there continues to be a long road ahead to make Bangladesh a complete success case. It is the shared responsibility of the Bangladeshi government, the local private sector, the international community, and – it goes without saying – business partners to contribute to this overarching goal.

The Top 3 Myths about Bangladesh

<table>
<thead>
<tr>
<th>Myth</th>
<th>Reality</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bangladesh is highly dominated by poverty</td>
<td>Human development goes hand-in-hand with economic growth. Since 1992, the poverty rate has dropped from 57% to 25% in 2014, coupled with increased life expectancy, literacy, and per capita food intake.</td>
</tr>
<tr>
<td>High growth profits to a small minority of businessmen</td>
<td>The Gini Index is a statistical measure of income distribution. A Gini index of 0 represents perfect equality, while an index of 100 implies perfect inequality. Bangladesh has 32.1. This is impressive compared with China (42.1) and the US (41.1), while Germany (28.3) is in reaching distance.</td>
</tr>
<tr>
<td>Overpopulation is a disadvantage for the country and its economy</td>
<td>A high population can be turned into a significant demographic dividend in the coming years, if more and better jobs can be created. The average birth-rate of 6 children per woman (1980) was reduced to 2.2 children per woman (2014).</td>
</tr>
</tbody>
</table>

(Source: World Bank)

People's Republic of Bangladesh

Capital City: Dhaka
Government: Parliamentary Republic
Total Area: 147,570 km²
Population: 156 million
Population Growth: 1.2% per year
Population Density: 1,203 people per km²
Total GDP in 2014: 150 billion US$
The Business Sector’s Commitment to Sustainability in Bangladesh

Bangladesh is the second most important sourcing country for the participants of FTA’s Business Social Compliance Initiative (BSCI), created to support companies to improve working conditions in factories and farms worldwide.

Its Code of Conduct and implementation system support Bangladeshi producers in improving labour conditions through:

**Social Compliance Audits:** In 2014, 1175 audits were carried out in Bangladesh, aimed at evaluating producers’ level of compliance with the BSCI Code of Conduct, and therefore with national labour laws and international labour standards.

**Targeted Capacity Building:** In 2014, BSCI organised 6 Fire Safety workshops in Bangladesh. Moreover, until September 2015 over 400 people were trained on various social compliance matters.

**Stakeholder Engagement:** FTA engages with relevant stakeholders in Europe and Bangladesh to tackle most pressing labour issues in the country. In 2014 a stakeholder roundtable was organised in Dhaka, and a follow up meeting will take place 2015.

Moreover, FTA launched the Business Environmental Performance Initiative (BEPI) to manage supply chain’s environmental impacts. BEPI is currently preparing full service availability for producers in Bangladesh.

---

**The Ready Made Garment (RMG) Industry: A Vital Force for Development**

- **Number two in the global league of garment exporters:** Bangladesh exported garments worth 24.5 billion US$ in 2014, placing the country behind China in worldwide garment production. The quota- and tariff-free access to the EU, Canada, Australia and Japan supports the export competitiveness.

- **The RMG sector contributes significantly to trade, employment and economic growth:** The RMG sector indirectly supports the livelihoods of around 40 million people, about a quarter of the country’s population. The number of factories increased from 384 in 1985 to over 5600 in 2014, currently employing 4.2 million people, making up 81% of total exports and contributing to around 16% of the country’s GDP.

- **Social progress is strongly driven by the RMG sector:** In the last 25 years Bangladesh has experienced the empowerment of women. They now represent 80% of the RMG sector, which has liberated more than four million from the bottom of the development pyramid. By receiving their own income women become more independent and have a voice in their family.

(Source: European Commission, World Bank, IMF)

---

**Improving Workers’ Lives**

Sheuly Khanum, 40 years old. Married, one daughter

“I am working in the industry for 12 years now. I am happy to have a job which helps me to save money for the education of my daughter. Furthermore, I would like to have more healthy food for me and my family. However, in the past 3 years I saw a reduction of orders and the workload.”

MD. Afzal Hossain, 21 years old

“I had no work in my village – no one has money there. Now, I am employed in the textiles sector and I want to build my career. The more orders we get, the better for the industry and the better for the future of the people of Bangladesh.”

Jarna Akter, 26 years old

“I joined the garment industry to financially support my family. I would like to work more to better support them. All costs went up in Bangladesh.”

---

"The garment industry has helped put Bangladesh on a path towards sustainable development. The country has significantly reduced poverty rates and improved life expectancy and education over the last thirty years.”

Cecilia Malmström, EU Commissioner for Trade. April 2015
FOR\textsc{EIGN TRA\textsc{DE AS\textsc{SO}CIATION (FTA)}}

The Foreign Trade Association (FTA) is the leading business association of European and international commerce that promotes the values of free trade and sustainable supply chains. Uniting over 1,500 retailers, importers, brands and national associations, FTA improves the political and legal framework for trade in a sustainable way. FTA provides the Business Social Compliance Initiative (BSCI) to support participants to improve working conditions in factories and farms worldwide. It also provides the Business Environmental Performance Initiative (BEPI) to facilitate improved environmental performance in global supply chains.

**FTA in Numbers**

- 1,509 member companies
- €758Bn combined annual turnover
- 3 million employees
- 12 national associations
- 34 countries

**CHALLENGES AHEAD**

Despite the impressive economic growth, Bangladesh still faces significant challenges:

- **Political unrest**: Resolving the frequent political uncertainties and maintaining stability. Unrest and weak public institutions are an accompanying factor of a young democracy.

- **Labour conditions**: Implementing fair and enduring working conditions. More concentrated and concerted efforts are needed to build an ethical supply chain.

- **Environment**: Economic and social progress is at risk since Bangladesh is one of the countries most impacted by climate change and natural disasters.

- **Building / Factory safety**: Recruiting more factory inspectors and completing building inspections followed by remediation measures. The massive increase of government funding for labour inspectorate is an important step.

- **Structural reforms**: Increasing productivity and making trade policy more favourable to a diversification of exports will play a vital role in the growth process.

- **Corruption**: Being ranked 145th in the corruption index is an issue that should be addressed as a priority.

These challenges show the need to bring together all involved stakeholders into one high-level partnership. FTA has been an active supporter and will remain engaged in the dialogue.

**FOLLOW US**

- @fta_intl
- Foreign Trade Association
- FTA-intl

For further information, please contact:

**FOREIGN TRADE ASSOCIATION**

Avenue de Cortenbergh 172
1000 Brussels - Belgium

Tel. +32 2 762 05 51
Fax: +32 2 762 75 06
info@fta-intl.org
www.fta-intl.org

**FTA Bangladesh Representative**

Daniel Seidl
daniel.seidl@fta-intl.org