

## Impact of ‘Generalized System of Preferences’ Cancellation on the Readymade Garment Industry of Bangladesh

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**Abstract:** *The Readymade Garment (RMG) sector in Bangladesh is a multi-billion-dollar manufacturing and export industry. With over 4 million workers employed in the sector, about 80 percent of whom are women, the growth of the garment industry has far-flung implications for the economy. The RMG sector’s export was \$25491.40 million in 2014-15, which is 81.68 percent of the total export earnings of our country (BGMEA). Given the dominance of the sector in our exports, any vulnerability and threat to this sector is a matter of concern. The US government suspended Bangladesh from the Generalized System of Preferences (GSP) which allows duty-free entry of over 5,000 items of commodities to the US market from least developed countries. This action comes as a result of Bangladesh government's failure to improve working conditions in the country. Loosing GSP advantage in the US market has created a reputation problem and a little financial loss (insignificant). To save the employment generation and one of the largest foreign currency earning sectors, BGMEA, BKMEA and Government should adopt an integrated approach on the one hand and boost up the reputation of this industry and also for avoiding financial loss.*

**Key words:** Ready Made Garment, GSP, GSP Cancellation

### 1. Introduction

Bangladesh is a developing country. The rapid expansion of the manufacturing sector of Bangladesh is characterized by the emergence of some leading industries that cater for exports as well as domestic consumption. Bangladesh economy is now staying at “take off” stage in the growth process. Historically, at such a stage of industrial development, textiles and apparel are typically the first “take off” industry. (7th Five Year Plan) Definitely one of the success stories of our country is the Ready-made Garments (RMG) industry. But in recent years it is facing some

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problems. One of them is GSP cancellation. Under generalized system of preferences (GSP) US grants Least Developed Countries (LDCs) and some developing countries to export their products to US markets duty free or at preferential duty on certain terms and conditions. GSP eligibility is conditioned on the status of economic development of the exporting country. For example, it must be an LDC or a developing country whose per capita income is relatively low. Developed countries are not eligible for GSP privileges. The beneficiary country must also meet other conditions imposed by US government. According to United States Trade Representative (USTR), a country can be eligible for GSP, if it has a market economy, is not a member of OPEC, is not involved directly or indirectly in terrorism, has succeeded in maintaining good trade relations with US, comply with US property laws including those related to patents and copyrights and upholds internationally recognised workers' rights. US particularly emphasize the last condition. A country is eligible for GSP if it demonstrates, among other things, a genuine commitment to workers' rights, including right to form trade unions and bargain collectively, and acceptable working conditions related to wages, work hours, fire safety, safety of buildings in which workers work and working environment are free from health hazards. An LDC, if it is not a terrorist country, is automatically eligible for GSP privileges but all its products do not qualify for duty-free access. GSP privileges are subject to suspension or cancellation if a beneficiary country fails to comply with the eligibility requirements

In the past, the buyers and US government expressed their displeasure because factory owners did not take adequate measures to recognize the workers' rights; they were non-compliant on other grounds also. On November 24, 2012, the devastating Tazreen Fashion fire killed 112 workers and injured many who needed treatment for a long time. Official investigations revealed that the disaster occurred due to negligence and carelessness of the owners. Within a few months, the "Rana Plaza", a nine-story building complex in which five garment factories were housed collapsed and 1132 workers got killed under the debris. Thousands got injured, many maimed and unfit for reemployment in a garment factory for life. In both cases the negligence and law-breaking behavior of the factory owners were the major causes. The "Rana Plaza" disaster quickly drew the attention of the world. To appease the pressure groups and US consumers, President Obama suspended GSP privileges for Bangladesh on June 27, 2013 (Hafiz G. A. Siddiqi, 2015).

The great anxiety of the country will be to see a similar action adopted by the European Union (EU). The EU gave a stricture previously to remove preferential access to Bangladesh RMG products in the EU market if the government did not take measures to improve the working conditions in Bangladeshi factories. The EU is a big buyer of Bangladeshi garments.

## 2. Review of related literature:

A number of authors and authorities both Bangladeshi and United States have dealt with the GSP facilities. Now we will look at some literature on this issue of prime concern to Bangladesh.

**Gholam Kibria (2014)** authored an article on “Suspension of GSP: Image Crisis for Bangladesh”. In this study the author has pointed out some reasons for the suspension of GSP and its effect on the RMG industry in Bangladesh. He found that, in spite of all the signals, Bangladesh could not get workers rights improved, rather it went down. Our arrogant entrepreneurs (i.e. owners) and ruthless administrations did not pay any proper attention to improve workers rights as they are mostly first generation businessmen. They are lacking entrepreneurial competencies and experiences. Their main motto is to earn profit. But the owners attach little importance to workers rights and grievances.

**Vivian C. Jones (2013)** wrote an article entitled “Generalized System of Preferences: Background and Renewal Debate”. He found that the U.S. GSP program provides non-reciprocal, duty-free tariff treatment to certain products imported from designated beneficiary i.e. developing countries. The United States, the European Union, and other developed countries have implemented similar programs since the 1970s in order to promote economic growth in developing countries by stimulating their exports. On June 27, 2013, the US President announced the suspension of benefits under the GSP program for Bangladesh on the grounds that “it has not taken or is not taking steps to afford internationally recognized worker rights to workers in the country.”

An article entitled “GSP suspension, a wrong move: US think tank” is written by **Diplomatic Correspondent** published in *The Independent* (2013). According to the article, the suspensions of GSP benefits for Bangladesh’s poor would damage the trade relations between Dhaka and Washington. In response to poor labour conditions in Bangladesh, the Obama administration has moved to unilaterally impose trade sanctions by removing the country’s privileges under the GSP. The article opines that if the president truly wants to improve the lives and well-being of the workers, he should encourage free trade, work to lower barriers and increase economic dialogue with Bangladeshi authorities.

**Haque (2013)** pointed out that losing GSP is not all gloom and doom for the RMG sector of Bangladesh as it does not come under the GSP program. Bangladeshi products such as tobacco, plastic bags and articles, golf equipment, sleeping bags, bone China and porcelain kitchen/tableware, cereal based prepared foods, handloomed woven cotton carpets and other textile floor coverings, spectacles and goggles, head gear other than rubber and plastics, etc. are eligible to enter duty free under GSP in the US market. Due to GSP cancellation the producer and exporters of above mentioned products will face problems till its restoration. According to

the statistics of the Export Promotion Bureau (EPB), the total export of RMG to the USA (as of June 2013) was around \$ 407.8 million or 69 percent of the total exports, which is nearly \$584.1 million worth of exports to the USA. However, losing this status in the US does not symbolize the end of the world for the RMG sector as EU nations will have still continued to provide GSP to Bangladesh and there is a chance for the country to regain the status in the US by making improvements. Therefore government of Bangladesh should try to fulfill some of the conditions to regain GSP facilities by mainly improving the conditions of the RMG workers by the beginning of next year.

**Faruque (2013)** authored an article on “GSP cancellation to destroy the economy of Bangladesh”. He advocates for the reinstatement of the GSP facilities in Bangladesh. His advocacy is based on the policy position taken by the Heritage Foundation, a conservative think-tank that the cancellation of the GSP facilities in Bangladesh was not wise on the part of the Obama Administration since it was not wise for the workers of Bangladesh. Instead, the Heritage Foundation strongly advocated for the removal of any tariff on the garment products of Bangladesh even after the Rana Plaza tragedy. Taking a cue from the Heritage Foundation, the author also argues that removal of tariff from garment products as well as reinstatements of GSP were the best ways to help the workers of Bangladesh.

**Bhuiyan (2013)** wrote an article entitled “Reasonable Wages for Workers to Eliminate Unrest in Bangladesh’s Ready-made Garments (RMG) Sector”. The study was conducted to represent the conflict scenario in the garment sector and conflicts between workers and management. He has tried to highlight the main causes of unrest in the ready-made garment sector of Bangladesh. He has given some suggestions to resolve them. The author furnished some background on the degree of unrest in RMG sector, focusing on six major unrests from December 2010 to June 2012 and provided some information on conflict resolution processes. This is an empirical study. To prepare this article the author introduced RMG workers, management, and factory owners. The study attempts to depict that poor and discriminating wages are the underlying factor of unrest in the RMG sector. Along with wage issue labour rights should be implemented.

### **3. Objectives and Methodology** The main objectives of this paper are

- To analyse the financial impact (export loss) for Bangladesh due to the suspension of GSP by United States. Within this main objective, the following sub-objectives have been determined:
  - To analyse the present condition of the RMG sector;
  - To examine the reputation problem for Bangladesh due to the suspension of GSP by United States;
  - To identify the problem of this sector including GSP;

To recommend measures for solving these problems including GSP.

Our basic aim is to make awareness among factory owners, government and those related to improve this industry so that they develop working conditions which may help us to restore GSP advantages in the US market and avoid cancellation of the same by the European Union.

This study is mainly based on secondary data which are collected from some published sources. The study has been conducted to evaluate the impact of GSP cancellation on the garments sector in Bangladesh. The major sources of data are published articles, research reports, relevant journals, daily news papers, internet etc. However, exact sources of the data are: Bangladesh Economic Review, Export Promotion Bureau (EPB) and Bangladesh Garment Manufacturers' and Exporters' Association (BGMEA).

**4. Findings of the study:** The garment industry has played a pioneering role in the development of non-traditional industrial sector of Bangladesh. Though, it took a rather late start i.e., in 1976 but it soon established its reputation in the world market within a short span of time. Resultantly garment is now one of the main export items of the country. Besides, enriching the country's economy it has played a very important role in alleviating unemployment.

The "Made in Bangladesh" tag has also brought glory for Bangladesh, making it a prestigious brand across the globe. Bangladesh, which was once termed by cynics a "bottomless basket", has now become a "basket full of wonders". The country with limited resources has been maintaining 6% annual average GDP growth rate and has brought about remarkable social and human development.

It is really a matter of great interest to many – how the economy of Bangladesh continues to grow at a steady pace, sometimes even when rowing against the tide. Now we envision Bangladesh achieving the middle-income country status by 2021. We firmly believe that our dream will come true within the stipulated time and the RMG industry will certainly play a crucial role in materialising the dream.

The apparel industry of Bangladesh started its journey in the 1980s and has come to the position it is in today. The late Nurool Quader Khan was the pioneer of the readymade garment industry in Bangladesh. He had a vision of how to transform the country. In 1978, he sent 130 trainees to South Korea where they learned how to produce readymade garments.

With those trainees, he set up the first factory – Desh Garments – to produce garments for export. At the same time, the late Akhter Mohammad Musa of Bond Garments, the late Mohammad Reazuddin of Reaz Garments, Md Humayun of Paris Garments, Engineer Mohammad Fazlul Azim of Azim Group, Major (Retd) Abdul Mannan of Sunman Group, M Shamsur Rahman of Stylecraft Limited, the

first President of BGMEA, AM Subid Ali of Aristocrat Limited also came forward and established some of the first garment factories in Bangladesh.

Following their footsteps, other prudent and hardworking entrepreneurs started RMG factories in the country. Since then, Bangladeshi garment industry did not need to look behind. Despite many difficulties faced by the sector over the past years, it has carved a niche in world market and kept continuing to show robust performance.

The MFA-quota was a blessing to our industry to take root, gradually develop and mature. While the quota was approaching to an end in 2004, it was predicted by many that the phase-out would incur a massive upset in our export. However, the post-MFA era is another story of success. Proving all the predictions wrong, we conquered the post-MFA challenges.

Despite the epic growth of our RMG industry, and its bright prospects, challenges are still there. One of the biggest challenge currently faced by our RMG industry is to ensure workplace safety and better working conditions for the millions of garment workers.

Two major accidents, the Tazreen fire and the Rana Plaza collapse, have brought the issue of workplace safety to the fore and led all stakeholders to act accordingly. Following the unfortunate incidents, various platforms such as the Bangladesh Accord on Fire and Building Safety, the Alliance for Bangladesh Worker Safety and National Plan of Action have been formed to improve building and fire safety of Bangladesh's garment industry.

Present condition of the RMG industry have been analysed from the table:

**Table 1: Growth of RMG in Bangladesh during 1984 -2015**

Year	Number of Garment factories	Employment in Million Workers	Export of RMG in Million US \$	Total Export of Bangladesh in Million US \$	% of RMG's to National Export
1984-85	384	0.12	116.2	934.43	12.44
1985-86	594	0.20	131.48	819.21	16.05
1986-87	629	0.28	298.67	1076.61	27.74
1987-88	685	0.31	433.92	1231.2	35.24
1988-89	725	0.32	471.09	1291.56	36.47
1989-90	759	0.34	624.16	1923.70	32.45
1990-91	834	0.40	866.82	1717.55	50.47
1991-92	1163	0.58	1182.57	1993.90	59.31
1992-93	1537	0.80	1445.02	2382.89	60.64
1993-94	1839	0.83	1555.79	2533.90	61.40
1994-95	2182	1.20	2228.35	3472.56	64.17
1995-96	2353	1.29	2547.13	3882.42	65.61
1996-97	2503	1.30	3001.25	4418.28	67.93
1997-98	2726	1.50	3781.94	5161.20	73.28
1998-99	2963	1.50	4019.98	5312.86	75.67
1999-00	3200	1.60	4349.41	5752.20	75.61

2000-01	3480	1.80	4859.83	6467.30	75.14
2001-02	3618	1.80	4583.75	5986.09	76.57
2002-03	3760	2.00	4912.09	6548.44	75.01
2003-04	3957	2.00	5686.09	7602.99	74.79
2004-05	4107	2.00	6417.67	8654.52	74.15
2005-06	4220	2.20	7900.80	10526.16	75.06
2006-07	4490	2.40	9211.23	12177.86	75.64
2007-08	4743	2.80	10699.80	14110.80	75.83
2008-09	4925	3.50	12347.77	15565.19	79.33
2009-10	5063	3.60	12496.72	16204.65	77.12
2010-11	5150	3.60	17914.46	22924.38	78.15
2011-12	5400	4.00	19089.69	24287.66	78.60
2012-13	5876	4.00	21515.73	27027.36	79.61
2013-14	4222	4.00	24491.88	30186.62	81.13
2014-15	4306	4.00	25491.40	31208.94	81.68

Source: Export Promotion Bureau and BGMEA

From the table we can assess the number of garment factory, employment and garment export position of Bangladesh. Moreover, it is clear from the table-1 that the industry has a consistent development.

The growth of RMG sector in Bangladesh is shown in Table 1. From the table it is found that the number of garment factories in Bangladesh has increased significantly. In FY 1984-85, total number of garment factories was only 384 and it reaches to 4306 in FY 2014-15. Thus, it is clear within 30 years the garment sector has increased by 3922 factories.

Garment industry is an important source of employment of our labour force. In FY 1984-85 a total of 0.12 million labour was employed in the sector and it increase to 4.00 million in FY 2014-15. From FY 1984-85 to FY 2014-15, labour employment in garment has increased by 3.88 million.

Bangladesh Exports her RMG products to many countries and US is one of them. The export value of RMG products of Bangladesh is \$ 116.2 billion in FY 1984-85 which increased to \$ 25491.40 in FY 2014-15. The US cancels GSP of Bangladesh in 2013. In FY 2012-13, total RMG export earnings of Bangladesh from US was \$ 19089.6 and in FY 2013-14, it was \$ 21515.73. Although US cancelled GSP of Bangladesh, the RMG export has increased significant rate. This means that GSP cancellation virtually had no impact on the export earnings of Bangladesh from US.

The US suspended Bangladesh's trade benefits under the GSP programme on June 2013 that made Bangladeshi products ineligible for duty-free entry in US markets. GSP is a World Trade Organization (WTO) programme that gives poor countries special tariff treatment to select imports (The Wall Street Journal 2013). The GSP programme was first adopted internationally by the United Nations Conference on Trade and Development (UNCTAD) at the UNCTAD-II conference in 1968. It

was first adopted by the US with the passing of Trade Act of 1974. In course of time, the US GSP programme was referred to as a programme for providing non-reciprocal, duty free tariff treatment to certain products imported from Developing and Least Developed Countries (LDCs). Through this programme, United States in fact wanted to help Developing and LDCs that have no industrial experiences or tradition to achieve competitiveness in international trade, particularly in exports, and thus develop and improve their economics. Since its launch, 122 beneficiary countries and territories have received GSP facilities in exporting up to 5000 products in the US market (Hossain 2014).

Bangladesh is performing well in the new markets. According to the Export Promotion Bureau (EPB), garments export hit a record high \$ 24.50 billion in the fiscal year 2013-2014, and it is rising at 13.86 per cent rate year-on-year basis. Now the question is what is the impact of cancellation of US-GSP facility on the economy? Bangladesh's garments export to the USA has increased at an impressive pace of 13 per cent year over the 28 years between 1985 and 2013. Bangladesh is the third largest supplier of garments in the USA after China and Vietnam.

Now we will see Bangladesh's RMG Exports to USA

**Table 2: Bangladesh RMG Export to USA during 2012-2015**

Year	Million US \$
2012-13	4996.58
2013-14	5141.38
2014-15	5288.12

Source: Export Promotion Bureau

From the table we see that the value of RMG export to USA from Bangladesh has increased over the year. Table 2 shows the RMG export scenario of Bangladesh to USA. In FY 2012-13 total RMG export was \$ 4996.58 and it increased to \$ 5141.38 in FY 2013-14 and it further increased to \$ 5288.12 in FY 2014-15.

We know that US suspended the GSP facilities of Bangladesh after Rana Plaza collapse in FY

2012-13. However, despite GSP ban, it is clear that the export of RMG to USA has increased.

This export increase means that GSP virtually had no impact on export of Bangladesh RMG to US.

The biggest short-run fear for the economy is a similar action adopted by the European Union (EU). The EU had previously threatened to remove preferential access



of Bangladeshi RMG products in EU market if the government did not take measures to improve the working conditions in factories. If the working conditions does not change significantly and the government fails to improve, Europe would consider suspending GSP privileges. Suspension of GSP facilities by the EU would have a much more colossal impact than the American decision because the effect of US decision would be felt on many things but not on garments (The Financial Express, 2013). In this regard, German Ambassador to Bangladesh Albrecht Conze cautioned that the fear of loosing generalized system of preference (GSP) privilege in the EU countries has not yet been over. In his language – “I cannot say that the thunderstorm has gone away from the Bangladesh’s sky, which could erupt would Europe come to a decision to suspend (The Financial Express, 2013)”.

The negative impact of the US GSP removal is speculated to be a warning for future trade between Bangladesh and the United States including the prospect of retaining the MFN status which benefits Bangladesh’s economic growth.

According to the Bangladesh Economic Review (2014), during the last three years there was no significant foreign direct investment inflow from the US to Bangladesh. In such circumstances, the repeated attempts of the Bangladesh Government to regain the US GSP are crucial for the country’s continued economic growth.

Bangladesh should remember that GSP suspension hampered the prestige of the country and she lost the credibility of being a business partner. The image of Bangladesh as a trading partner of the USA is already questioned. These GSP incidents may discourage US and other investors, new and old. This may have a long term effect on the prospect of future export growth of the country.

**Problems of RMG industry in Bangladesh:** Though the RMG industry in Bangladesh have been passed successfully long time, but there are some problems in this sector. Those problems are given below:

**Import Dependency:** Bangladesh imports raw materials for garments like raw cotton, cotton yarn, woven fabrics, synthetic fibres, thread colour etc. This dependence on raw materials hampers the development of garment industry. Moreover, foreign suppliers often supply low quality materials, which result in low quality products.

**Unskilled Workers:** Most of the illiterate women workers employed in garments are unskilled and so their products often become lower in quality.

**Poor Working Condition:** Working condition has both direct and indirect influence on productivity. Productivity of workers depends on motivation and motivated people works very sincerely. From the very beginning of the advancement of the sector in Bangladesh, the adverse working conditions have been a matter of concern.

**Gas and Power Supply Crisis:** Gas and power supply is one of the major indicators of development for any country. But crisis exists in this sector in our country, which dampen the production of the Readymade Garment sector. At present, most of the economist anxious about that, the garment production will fall due to gas and power supply crisis.

**Lack of managerial knowledge:** There are some other problems which are associated with this sector. Those are- lack of marketing tactics, absence of easily on-hand middle management, a small number of manufacturing methods, lack of training organizations for industrial workers, supervisors and managers, autocratic approach of nearly all the investors, fewer process units for textiles and garments, sluggish backward or forward blending procedure, incompetent ports, entry/exit complicated and loading/ unloading takes much time, time-consuming custom clearance etc.

**Excess –Lead- Time:** Lead-time refers to the time required for supplying the ordered garment products after the export order has been received. In the 1980s, the usual lead time in the garment industry was 120-150 days for the main garment supplier countries of the world; it has been reduced to 30-40 days in the current decade. However, in this regard the Bangladesh RMG industry has improved little; for example, the average lead time is 90-120 days for woven garment firms and 60-80 days for knit garment forms. In Chain, the average lead time is 40-60 days for woven and knit products respectively; in India, it is 50-70 days for the same products respectively.

**Gendered Division of Labour:** In the garment industry in Bangladesh, tasks are allocated largely on the basis of gender. This determines many of the working conditions of women workers. All the workers in the sewing section are women, while almost all those in the cutting, ironing and finishing sections are men. Women workers are absorbed in a variety of occupations from cutting, sewing, inserting buttons, making button holes, checking, cleaning the threads, ironing, folding, packing and training to supervising.

Women work mainly as helpers, machinists, and less frequently, as line supervisors and quality controllers. There are no female cutting masters. Men dominate the administrative and managerial level jobs. Women are discriminated against in terms of access to higher-paid white collar and management positions.

When asked why they prefer to employ women for sewing, the owner and managers gave several reasons. Most felt that sewing is traditionally done by women and that women are more patient and more controllable than men.

**Infrastructure Bottlenecks:** Infrastructure bottlenecks are the serious weakness in Bangladesh. As various private sector representative organizations have repeatedly pointed out, poor infrastructure negatively affects their competitiveness.

**Working Hours:** Though the wages are low, the working hours are very long. The RMG factories claim to operate one eight-hour shift six days a week. The 1965 factory Act allows women to work delivery deadlines; however, women are virtually compelled to work after 8 o'clock. Sometimes they work until 3 o'clock in the morning and report back to start work again five hours later at 8 o'clock. They are asked to work whole months at a time the Factory Act, which stipulates that no employee should work more than ten days consecutively without a break.

**Poor Accommodation Facilities:** As most of the garment workers come from the poor family and comes from the remote areas and they have to attend to the duties on time, these workers have to hire a room near the factory where four to five huddle in a room and spend life in sub human condition. For four to five workers there is one common latrine and a kitchen for which they have to pay tk. 2000 to tk. 2500. They share this amount among themselves to minimize the accommodation expense.

One cannot believe their eyes in what horrible condition they have to pass out their time after almost whole day of hard work in the factory. After laborious job they come into their room, cook their food and have their lunch or dinner in unhygienic floor or bed and sleep where they take their food. They share the single bed or sleep on the floor.

**Safety Problems:** Because of the carelessness of the factory management and for their arrogance factory doors used to be kept locked for security reason defying act. Safety need for the worker is mandatory to maintain in all the organization. But without the facility of this necessary things a lot of accident is occur every year in most of the company.

**Political Instability:** Garments industries often pay dearly for political unrest, hartal, blockade, and terrorism etc. cause to a fall in production. Sometimes the opposition parties use the garment workers to make the unexpected chaos in the country and the workers are influenced by personal interest of the political parties, which is a curse for the RMG.

**GSP Suspension:** The US suspended GSP facility to Bangladesh after the Rana Plaza disaster in 2013. GSP suspension hampered the prestige of the country and Bangladesh lost the credibility of being a business partner. The image of Bangladesh as a trading partner of the USA is already questioned. These GSP incidents may discourage US and other investors to invest in Bangladesh. This may have a long term effect on the prospect of future export growth of the country.

## 5. Recommendations

In fact, the export business of Bangladesh depends on the RMG industry. That's why a coordinated action plan is needed to face the challenges. For achieving the export target in 2021, government and other stakeholders may take a number of

actions to stimulate the RMG industry. These include:

1. Government also have some responsibility to improve the situation by providing proper policy to protect the garment industries, quickly loading facility in the port, providing proper environment for the workers, keep the industry free from all kind of political problem.
2. The government should focus on production and procurement of high quality raw materials within the country. For this endeavor Government should use Public Private Partnership (PPP). This will reduce import dependency and will have a positive impact on export earnings.
3. Bangladesh's labour productivity is known to be lower when compared with Sri Lanka, South Korea and Hong Kong. Bangladesh must look for ways to improve the productivity of its labour force. If we can increase the labour productivity, then the future of this sector will be more prospective.
4. Solar energy can be a great source of solving power crisis in Bangladesh. Bangladesh is situated between 20.30 and 26.38 degrees north latitude and 88.04 and 92.44 degrees east longitude which is an ideal location for solar energy utilization.
5. The existence of sound infrastructural facilities is badly needed for economic development. The government should focus on separate routes for the export and import activities. It may be high way, metro line, more cargo ship etc. The development of infrastructure will help to solve the problem of safety, lead time, transportation problem and so on.
6. RMG industry is suffering from the dearth of professional and highly skilled marketing personnel. We need qualified, experienced, and skilled professionals with updated knowledge about international markets, proficiency in foreign languages especially in English and French. The Government, BGMEA, BKMEA and other stakeholders should undertake long-term training programmes to make skillful and professional marketing teams to meet the marketing challenges in this thriving sector.
7. Government should ensure that the garment sector fully comply with the factory act 1965 in order to construct a garment factory. The workers right and privileges must also be ensured. The following steps should be taken to improve the situation-
  - ◆ Building should be constructed with fire resisting materials;
  - ◆ Adequate exit and proper escape routes should be designed;
  - ◆ Protection against fire and smoke should be ensured;

- ◆ Electrical wiring must be properly designed, installed and maintained;
- ◆ Escape routes should be lighted all times, kept clear, be indicated by signs;
- ◆ Regular fire drill should be held;
- ◆ Door should be protected and should open along the direction of escape;
- ◆ Smoke/Fire alarm system must be installed;
- ◆ Adequate number of extinguisher should be provided;
- ◆ Prior relationship with local Fire Service.

Based on recent trends in the clothing market, analysts believe that there is scope for further expansion of Bangladesh's RMG sector, with potential exports to reach \$ 50 billion by 2021. For achieving this target government included some steps in the 7th Five Year Plan. In 7th five year plan it is mentioned that- both historical and cross-country evidence show that the prospects of rapid GDP growth with extensive job creation require a high-performance and diversified manufacturing sector at the early stage of the take-off period. Bangladesh faces an ever changing global landscape in which manufacturing sector development takes place. Four distinct phenomenon characterizes the global setting: (a) globalization and greater trade openness, which has resulted in the greater integration of the Bangladesh economy with the global economy, an integration that has yielded many benefits but also poses many challenges; (b) to be globally competitive, a high performing manufacturing sector must have reached a high level of industrial sophistication meeting internationally recognized standards of product quality within a compliant production environment; (c) technology has emerged as the key resource and input for industrial growth and development; and (d) fragmentation of production and vertical integration across countries through trade in intermediate goods is fast becoming the dominant trading pattern.

If the government can ensure above things in our economy then the RMG industry will get its apex position in the world market.

## **6. Conclusion**

Bangladesh RMG industry has grown rapidly under the umbrella of MFA import quotas, GSP and with abundant supply of low- waged workers, but without strong domestic backward linkages. We should remember that development of the garment industry is directly related to the development of the economy and the development of women folk as well, especially in the rural areas. More than 80% garment workers are female, mostly with a rural background. So this industry plays a vital role in poverty alleviation and women's employment and empower-

ment in rural Bangladesh.

The suspension from the GSP is little more than a symbolic action by the US government to punish the wrong industries for the RMG industries in Bangladesh. Restoration and improvement of worker's rights and better working conditions is necessary for doing business in the world market. It's creating a image crisis for Bangladesh. To refurbish the image BGMEA, BKMEA and government should try in a coordinated way.

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