

Growth
Research
Programme

Consultation on **DFID-ESRC Growth Research Programme (DEGRP)**

Policy Dialogue on

Bangladesh's Garments Sector: Upgradation and Structural Transformation

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Ball Room, Ruposhi Bangla Hotel, Dhaka, Bangladesh

Long-term trends in textiles and garments manufacturing

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UNIDO

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Outline

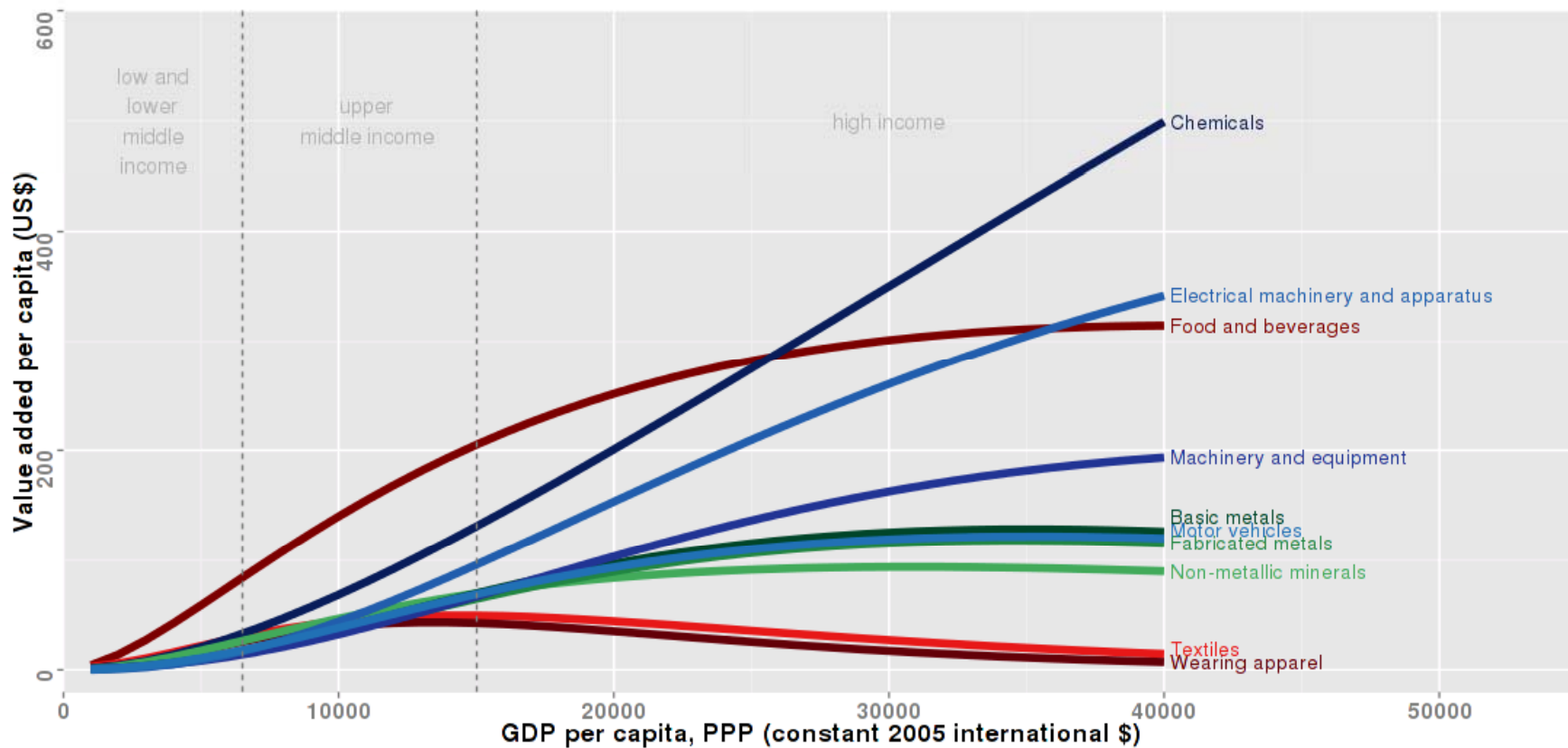
- Overall industrial structural transformation trends by levels of income
- Bangladesh textile and garments industries in comparative perspective
- Growth potential for Bangladesh's textile and garments industry
- Concluding remarks



Overall industrial structural transformation trends

Changes in value added per capita by income and manufacturing industry

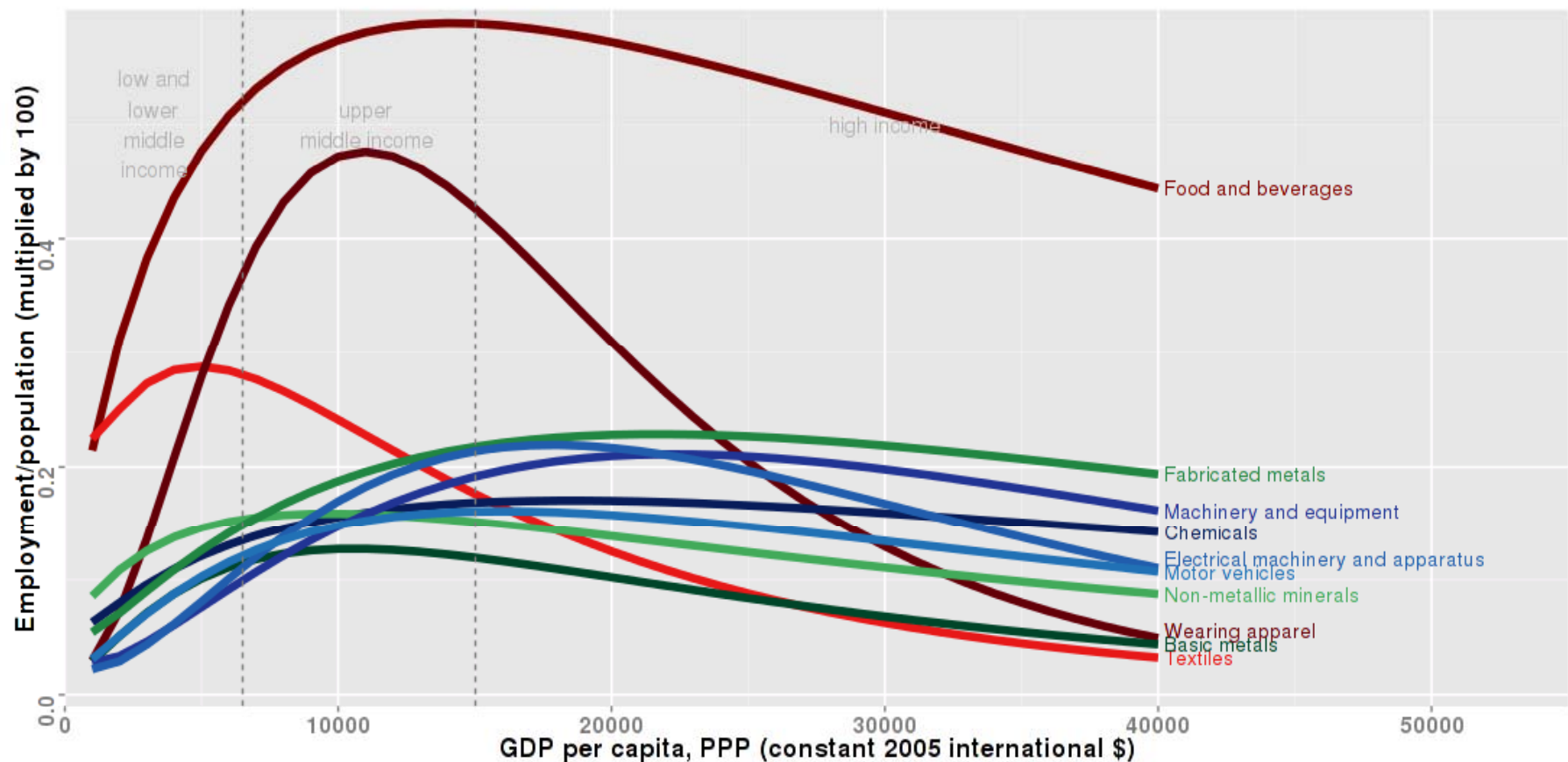
(1963 – 2007)



Source: UNIDO's elaboration based on CIC 2009; UNIDO Database.

Changes in employment by income and manufacturing industry

(1963 – 2007)

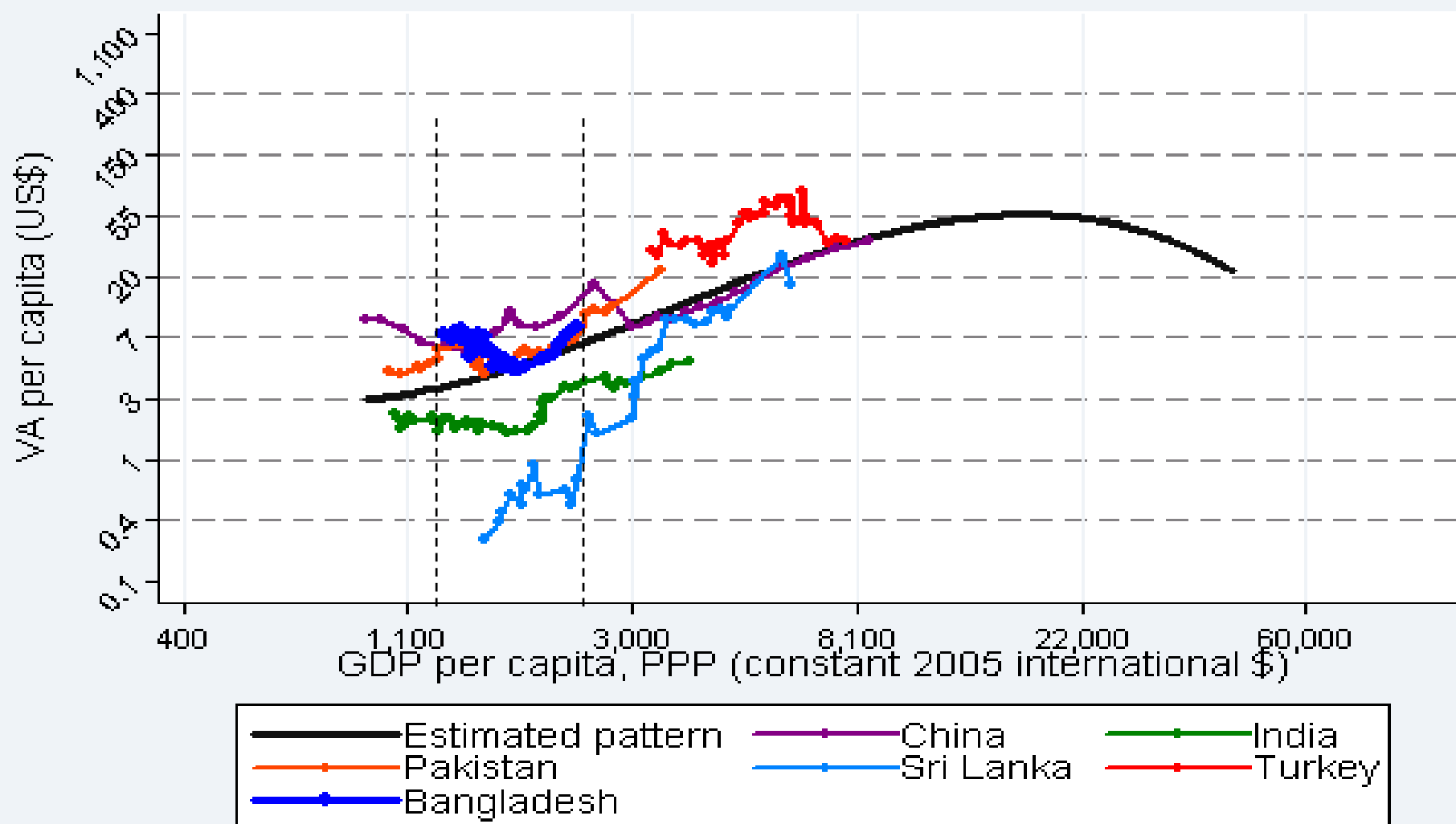


Source: UNIDO's elaboration based on CIC 2009; UNIDO Database.

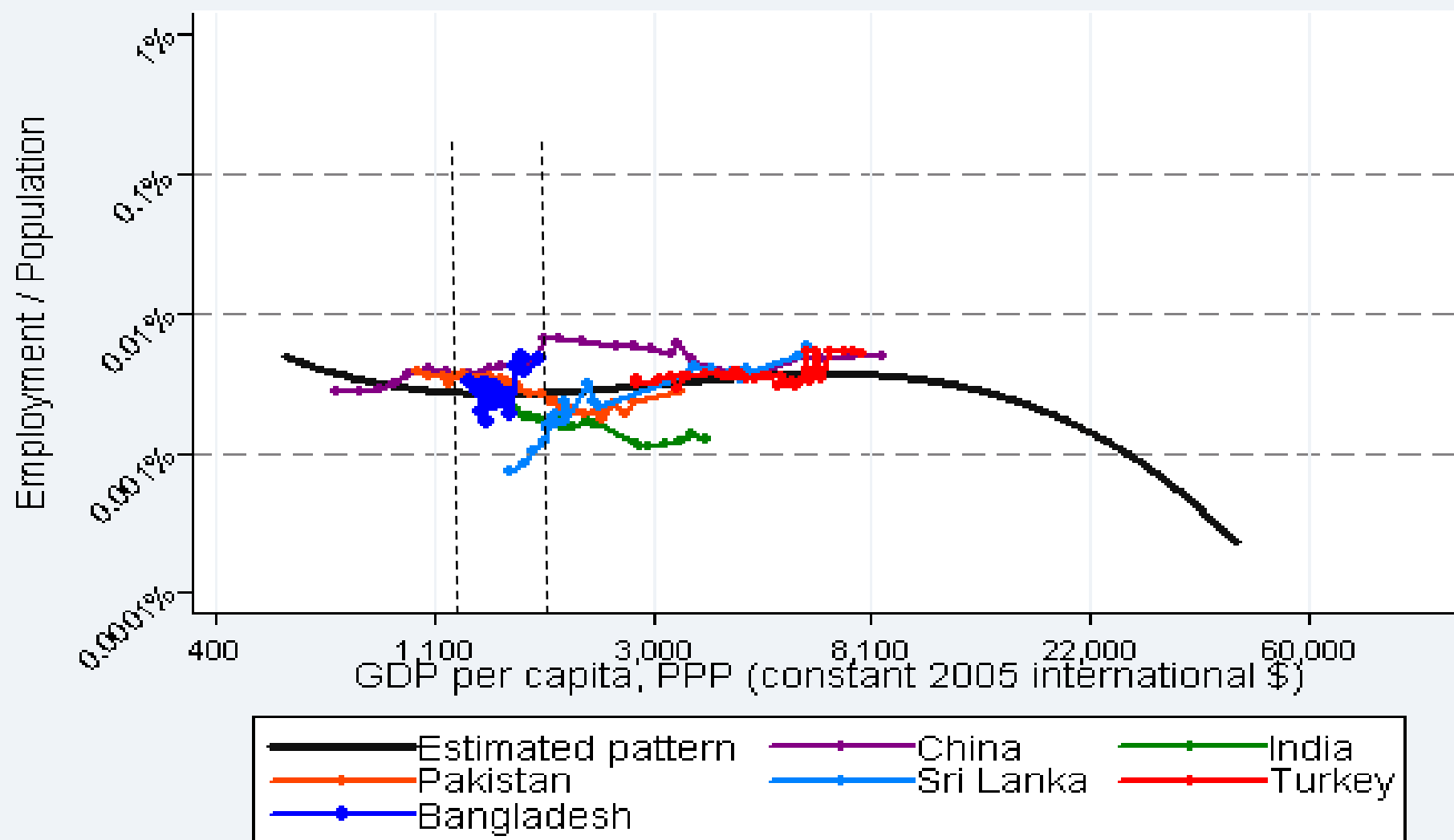


Bangladesh in comparative perspective

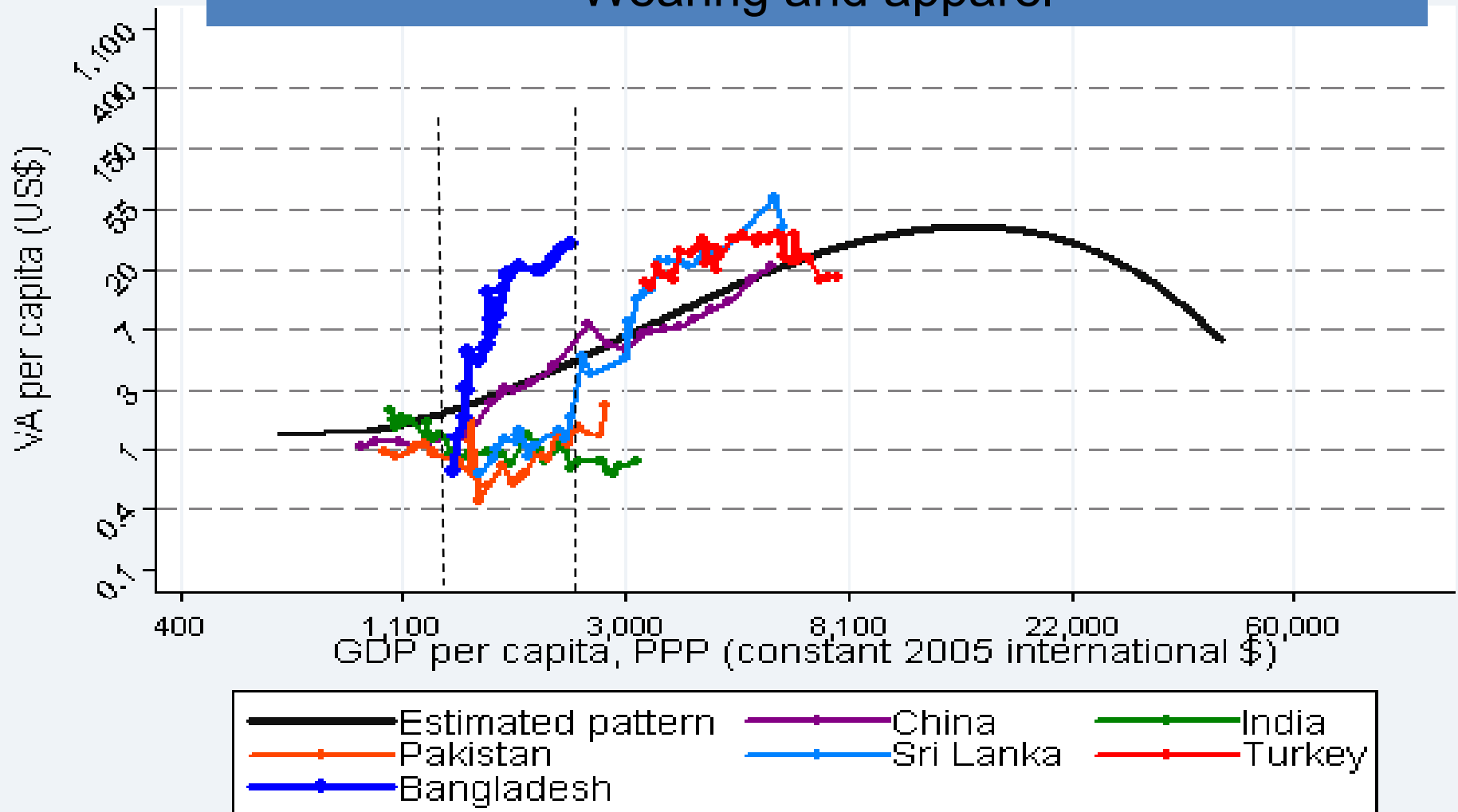
Textiles



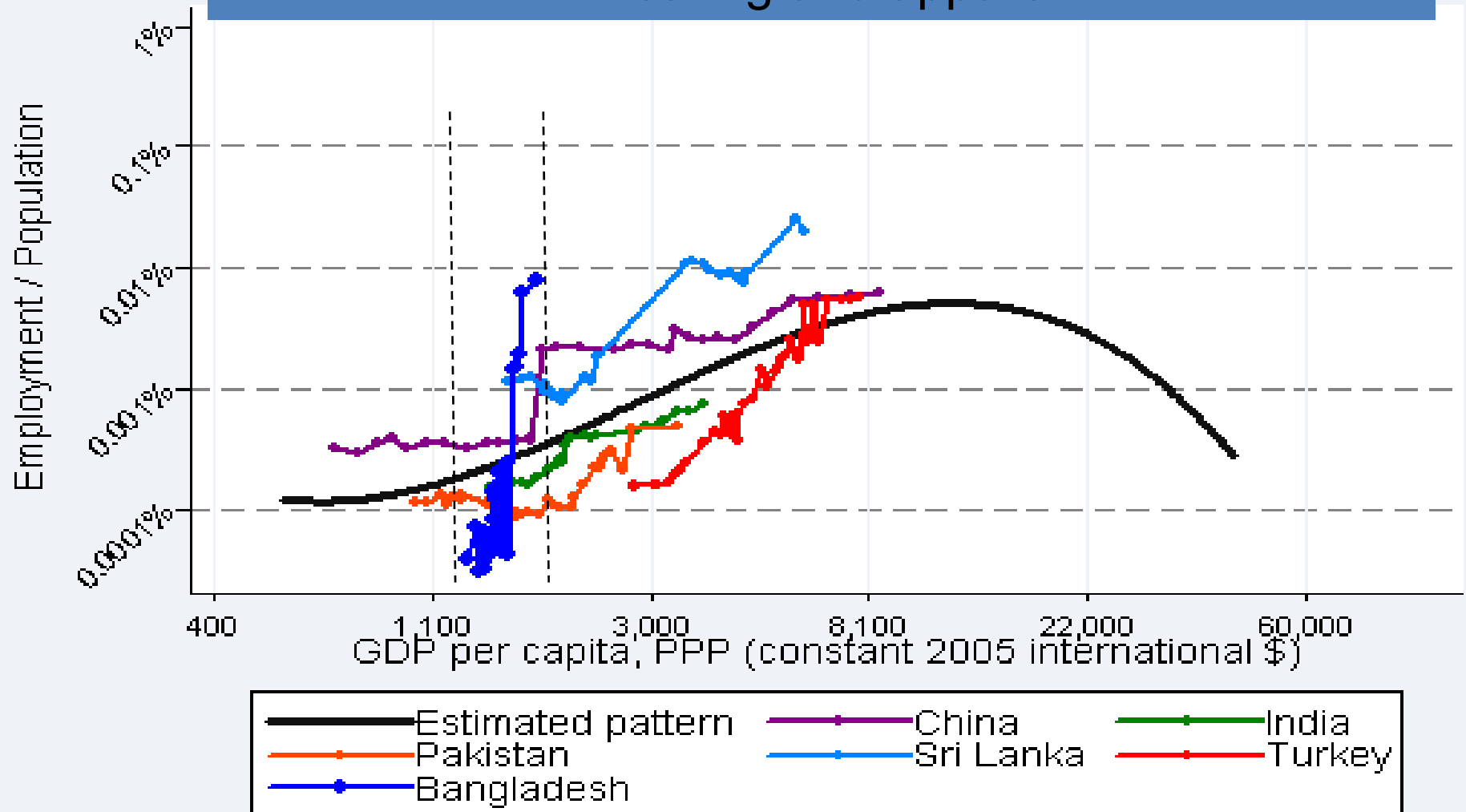
Textiles



Wearing and apparel



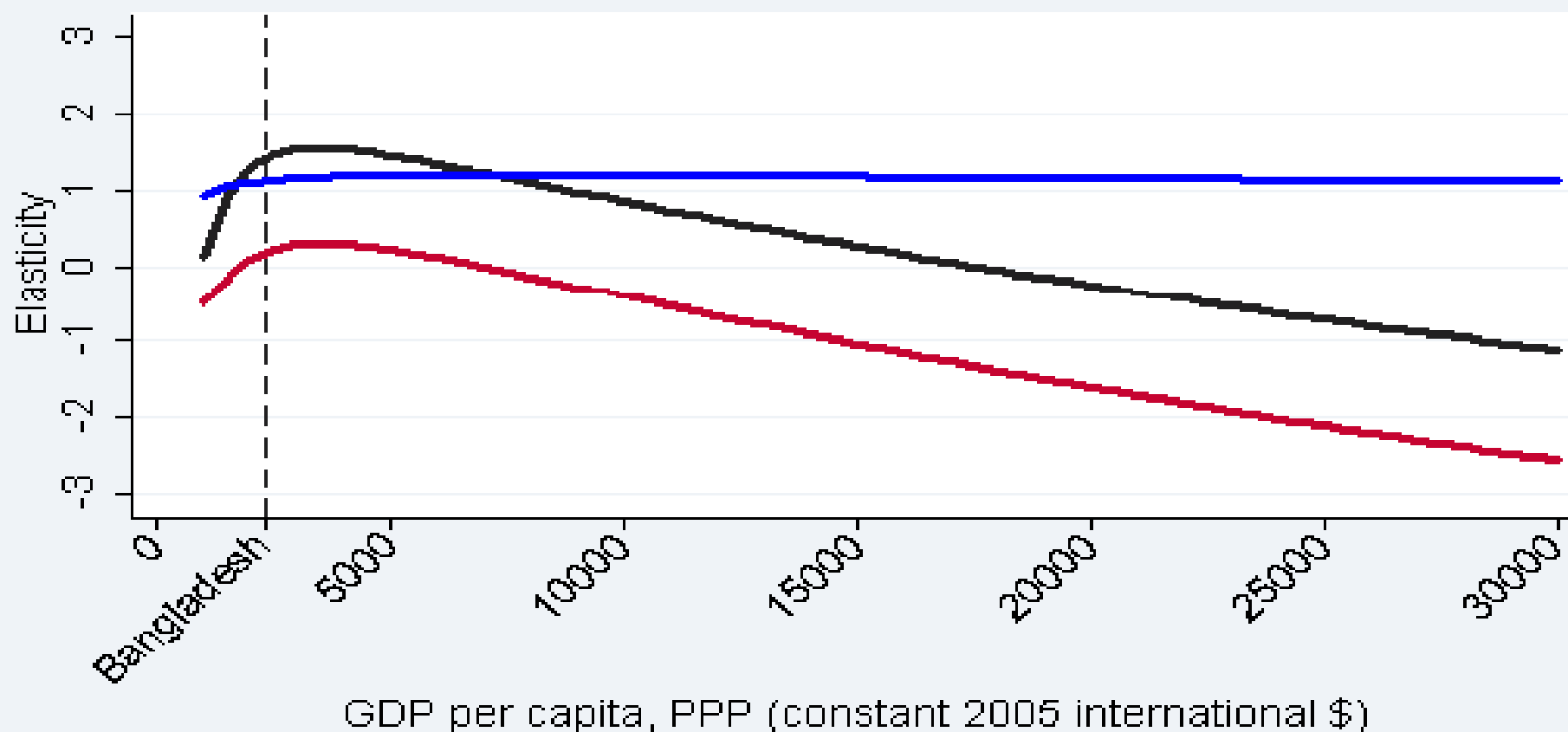
Wearing and apparel



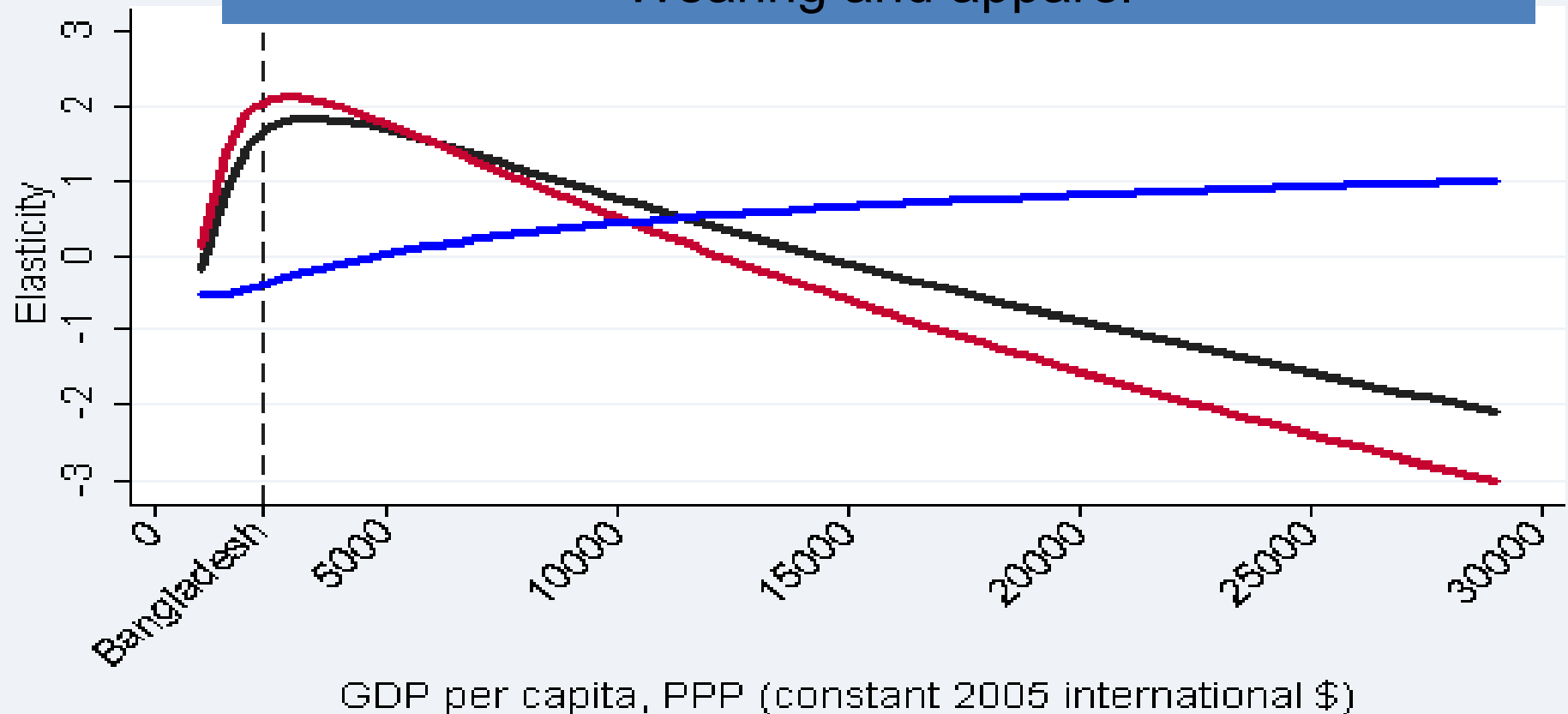


Textile and garments growth potential

Textiles



Wearing and apparel



GDP per capita, PPP (constant 2005 international \$)



Changes in the growth rates of value added, employment and labour productivity in textiles and wearing apparel industries (large countries)

		GDP per capita (in thousand)																	
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
Textile	VA	+	++	++	++	++	+	+	+	+	ΔΔ	ΔΔ	ΔΔ	ΔΔ	Δ	Δ	Δ	Δ	-
	EP	Δ	Δ	Δ	Δ	Δ	-	-	-	-	---	---	---	---	---	---	---	---	---
	LP	++	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+	+
Wearing Apparel	VA	+++	+++	+++	++	++	+	+	ΔΔ	ΔΔ	ΔΔ	Δ	Δ	Δ	Δ	-	-	-	-
	EP	+	++	++	++	++	+	+	ΔΔ	ΔΔ	Δ	Δ	Δ	-	-	---	---	---	---
	LP	-	Δ	Δ	Δ	Δ	Δ	ΔΔ	ΔΔ	ΔΔ	ΔΔ	ΔΔ	ΔΔ	ΔΔ	ΔΔ	ΔΔ	ΔΔ	ΔΔ	ΔΔ

Blue indicates that growth elasticity is greater than 1, and +, ++ and +++ correspond to elasticity (e), $1 \leq e < 1.5$, $1.5 \leq e < 2$, and greater than 2, respectively. Yellow means that the elasticity is between 0 and 1, and Δ and ΔΔ signifies that the elasticities lie within the range of $0 \leq e < 0.5$ and $0.5 \leq e < 1$, respectively. Red indicates the range in which the elasticity is negative (negative growth), and -, -- and --- denote that the elasticities are $0 > e \geq -0.5$, $-0.5 > e \geq -1$, and less than -1, respectively.



Conclusions

- Technological upgrading and substitution of labour for capital in the textile industry may lead to significant increases in value added (medium term) and productivity (medium and long term)
- Garments will hit a growth and employment peak soon and will begin reducing its contribution to growth in a decade or so.
- Diversification away from garments will be eventually necessary to sustain economic growth and employment



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