Bangladesh has the largest apparel export industry of the four South Asian sample countries ($22.8 billion), and the largest market share of global apparel exports (see chart).

The apparel industry is also extremely important to the economy, accounting for 83 percent of total exports. The industry is dominated by locally owned firms, but foreign direct investment (FDI) played a central role in launching the industry, providing linkages to foreign buyers, technology, and knowledge transfer. Bangladesh is considered a “growth supplier” (like Pakistan) – rather than a “stable supplier” (like India and Sri Lanka) – in that it has increased export value and global market share since the early 1990s.

Production costs and quality have always been important and have become even more so given the stepped-up competition after the end of the Multifibre Arrangement (MFA) and the global economic crisis.

Stitches to Riches? highlights the following findings: Bangladesh has relatively low prices in nearly every major apparel product category, which at present appears to make up for issues in meeting buyers’ desired criteria on compliance, quality, and reliability.

Bangladesh could benefit from the following policies:
- Improve productivity by adopting policies (such as additional incentives and transparency) to attract more FDI to ensure access to buyers and additional capital.
- Improve quality and product diversity by reducing import barriers to manmade fibers (through bonded warehouses, duty drawback, cash subsidy, and export processing zones (EPZs)).
- Improve compliance and reliability by ensuring that social policies are enforced (such as better safety conditions in EPZs) and encouraging firms to relocate to EPZs.

How would Bangladesh fare if Chinese prices/wages rose by 10 percent under current policies? For the U.S. market, apparel employment would rise (thanks to higher labor demand and the anticipated increase in apparel exports), but for the EU market, apparel employment would drop (see chart).

How would this affect women’s participation in the labor force? As firms demand more labor, apparel wages are likely to increase.

A 1 percent increase in expected wages would raise the probability of women entering the labor force by 3.06 percent.

Factors buyers care about (cost and non-cost):
- Production costs
- Quality
- Product diversity
- Compliance
- Reliability

For the U.S. market, apparel employment would rise. For the EU market, apparel employment would drop.

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