



# Creating Sustainable Apparel Value Chains

Preface to the Bengali Edition

March 2014

Impact Economy  
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## Preface

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Bangladesh's textile and garment industry has emerged as a major contributor to development since its beginnings in the mid-1980s. Apparel is the main driver of GDP growth in Bangladesh and has been instrumental in reducing poverty by a third since the 1990s. The industry has grown tremendously and now accounts for about 20 percent of GDP, 80 percent of total export earnings, and over 4 million direct jobs. Bangladesh's major export markets are the European Union, the United States and Canada. The country enjoys a strategic location in South Asia, with several hundred million people living in relative proximity; emerging as the largest production cluster in South Asia, with the exception of China.

Prompted by the tragic Rana Plaza accident in April of 2013, the country's industry has also become a de facto pilot case for how to build sustainable apparel manufacturing clusters in emerging markets. Bangladesh still faces significant efforts ahead as it attempts to upgrade its textile and garment cluster and achieve inclusive growth. But make no mistake: this is also a unique opportunity to modernize the industry, unlocking its full potential to realize the vision of Bangladesh becoming a middle-income country.

As a result, I am especially pleased to share "Creating Sustainable Apparel Value Chains" with you: the report offers a way forward to achieve the sustainable transformation of the global garment and textile industry. This topic needs to be discussed as widely as possible among a country's stakeholders in order to enable improvements in scale, hence this Bengali version of the report.

Critical to unlocking Bangladesh's future growth potential and maximizing its development impact will be determining how competing with other sourcing countries can be reconciled with improved social and environmental performance. Achieving higher in-country value added and sustainable supply chains needs to be linked to enable the country's aspiring apparel cluster to graduate from competing mainly on cost and serving primarily the value segment. Upgrading global supply chains to improve both working and environmental conditions *as well as* increasing productivity to stay competitive need not be a tradeoff. Achieving both goals is actually possible. In addition to a number of country spotlights, the report emphasizes four key levers that industry players must act upon in order to convert the shortcomings of the garment industry into opportunities for industry-wide impact.

First, tackling working conditions in emerging market sourcing locations with a much higher level of ambition is a precondition to breaking out of the prevailing unproductive cycle of suboptimal factory productivity, high absenteeism and high staff turnover. Women constitute the overwhelming majority of workers that power the world's multitrillion-dollar textiles, apparel and luxury goods industry on which fashion depends, in Bangladesh and around the world. In fact, 80 percent of the workforce in most developing countries producing apparel for export is comprised of women. Improving working conditions also translates into important development dividends.

Second, lean manufacturing is a crucial ingredient for unlocking productivity. Achieving greater total resource productivity and transparency across the supply chain via front-

of-pipe process design, lean manufacturing and energy efficient infrastructure can lower the use of chemicals by up to 20 percent, energy by up to 40 percent, and water by up to 50 percent. Bangladesh already has some world-class producers in this respect, but the country needs many more.

Third, building sustainable supply chains will require upgrades in the factory infrastructure on a broad front. Given the high cost of local capital in emerging markets, (impact) investments can provide the resources to finance infrastructure upgrades.

Finally, replicating and scaling the best practices of frontrunner producers that are addressing manufacturing issues are the easiest way forward. The rationale for this lever is clear: sustainable production and sourcing are not an otherworldly vision but will soon become a necessity to compete, as it has already in other industries. The need to upgrade supply chains will only become more stringent as consumer demand shifts. Government policies in leading consumer markets are increasingly demanding producers to assume responsibility for issues such as forced labor and environmental pollution in their supply chains. The good news is that pockets of best practices exist, and some are discussed in this report—the key is to now mainstream them.

The garment industry is both loved and hated. It is a catalyst for national development and industrialization ever since it kicked off the UK industrial revolution 250 years ago, and now stands as a three trillion dollar global industry

that encompasses the manufacturing and selling of textiles, apparel and luxury goods. The time has come, though, to tackle its track record of poor labor conditions and heavy environmental pollution around the world.

Bangladesh is a densely populated and youthful country, which has the potential to become part of the “Next Eleven” group of countries that will lead the next wave of high-growth economies. But there is work ahead to realize this vision. Success will be contingent on the ability to adapt the instruments and pathways needed to fully respond to the specific characteristics of the Bangladeshi economy, society and capital markets. Given the level of attention and effort currently underway, Bangladesh now has the opportunity to show how sustainable apparel supply chains can be implemented in practice, and at scale.

A special thanks to the translators who have effectively navigated all obstacles in translating the report into Bengali, an especially arduous task considering that content published on this topic in Bengali has not been widely available to date.

I hope this report can be useful as the stakeholders in the Bengali textile and garment industry work with their international counterparts toward greater sustainability.

Dr. Maximilian Martin  
Lausanne, March 2014

## Paper Download Link

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