



COMPREHENSIVE REPORT 2017 ON BANGLADESH LEATHERGOODS AND FOOTWEAR INDUSTRY

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A Report by
Knowledge & Resource Center (KRC), LFMEAB

BANGLADESH FAST FACTS

qPopulation: 162 million

qGDP per capita: 1,411 USD

qAvailable workforce:

- Ø A young, industrious workforce growing by roughly 2 million per year
- Ø Competitive workforce compared to other South Asian Countries

qOver 10% of its population is entering into middle income class with growing purchasing power

INVESTMENT OUTLOOK

qBangladesh offers a truly competitive cost base – JETRO (average factory worker salary is around USD100+)

qOne of the major potential hubs for global value chain of footwear –FDRA



INDUSTRY FAST FACTS

- q Leather industry is holding **2nd exporter** position after RMG.
- q In last 10 years growth rate of **513%**, **yearly growth** rate 16.65%
- q Bangladesh livestock base: **1.8%** of the world's cattle & **3.7%** of the world's goat

Overview of Livestock (from FY' 2009-10 to 2016-17, in million)

Livestock (in million)	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17 (July- February)
Cow	23.051	23.121	23.195	23.341	23.488	23.636	23.735	23.885
Buffalo	1.349	1.394	1.443	1.45	1.457	1.464	1.471	1.476
Goat	23.275	24.149	25.116	25.276	25.439	25.602	25.766	26.048
Sheep	2.977	3.002	3.082	3.143	3.206	3.27	3.335	3.379
Total Livestock	50.652	51.666	52.836	53.211	53.59	53.972	54.357	54.787

Source: Department of livestock service, Economic review-2017, Bangladesh

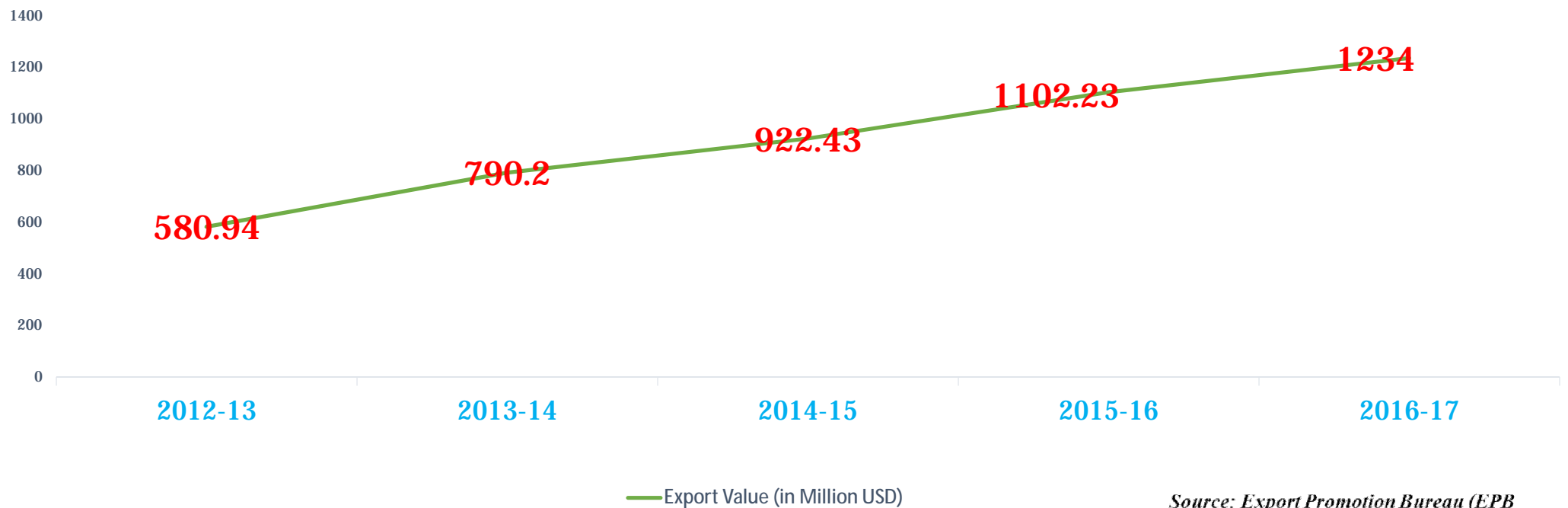
INDUSTRY EXPORT PERFORMANCE IN 2016-2017

Export earning from leather industry was **1.234 billion USD**

Products	Export Target for FY 2016-2017	Export Performance for July- June. 2016-17	% Change of export Performance Over Export Target
Leather (HS code: 41)	280.00	232.61	-16.93
Leather Products (HS codes: 42-43)	450.00	464.43	3.21
Leather Footwear (HS code: 6403)	490.00	536.96	9.58
Total Leather, Leather Products and Footwear (HS codes: 41-43 & 6403)	1220.00	1234.00	1.15

INDUSTRY EXPORT PERFORMANCE IN LAST 5 YEARS (2013-2017)

Export Earnings of Last 5 Years from Leather Industry of Bangladesh (in Million USD)

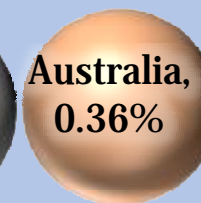
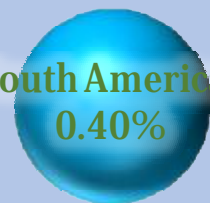
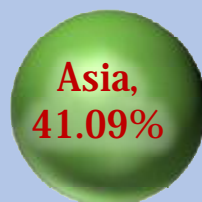


Source: Export Promotion Bureau (EPB)

Region-Wise Industry Export
Performance in FY 2016-2017

Percentage

Share of Total Export (%)



- Asia
- Europe
- North America
- South America
- Africa
- Australia

Region-wise export share

Source: Export Promotion Bureau (EPB)

OVERVIEW OF BANGLADESH FOOTWEAR INDUSTRY 2017

- ⌘ **8th position** in terms of footwear production in the world in 2016, with a
 - ⌘ **Production of 399 million pairs** (1.6% of World Share)
- ⌘ **14% Growth in 2012-13 to ~20% by 2015-16**
- ⌘ **Increased export by almost 700%** in the last decade –*World Footwear Yearbook 2017*

DOMESTIC FOOTWEAR MARKET SIZE

- ⌘ **Between 200 and 250 million pairs** a year
- ⌘ **Per capita** including leather is 3 pairs, five years back is 1.7 pairs.
- ⌘ Imported approximately **24 million pairs**, FY'2016-17

BANGLADESHI FACTORY GOES GREEN

Shoeniverse
Footwear Ltd won
the LEEDS Gold
certification from
USGBC (United States Green
Building council) on 9th August
2017 in recognition of
outstanding contribution to the
environmental health for green
buildings in Bangladesh



CURRENT INITIATIVES OF INDUSTRY

- q Centre of Excellence For Leather Skill Bangladesh Limited (COEL) provided more than 13,000 worker training and job placement
- q 5,090 workers of LFMEAB member factories are being trained under Implementing Skills for Employment Investment Program (SEIP) with Ministry of Finance and ADB
- q Environmental management systems and eco-labelling schemes: Piloting 14,001 (2015) for 8 SME member factories
- q Introduced sustainable consumption and production (SCP)



Centre of Excellence For Leather Skill Bangladesh Limited (COEL)

“Beyond Compliance Initiative” of LFMEAB

- q Established **Community School** to bridge the primary education with modern education in Ashulia
- q More than **28,000 workers** have come under group insurance
- q Around **20,000 workers** of LFMEAB member factories accessed to health and medical insurance facilities
- q **Free** eye sight testing, contagious disease testing, and **free** sanitary napkin distribution among female workers



LFMEAB Community School



Health and Medical Insurance Card

SECTOR DEVELOPMENT STRATEGIES AND POLICIES

- q Tannery Estate Dhaka (TED) with CETP **functional from April 2017**: 92 tannery already shifted
- q Under export diversification, government declared 'Leather, Leather goods & Footwear' as the **Product of the year -2017**
- q LFMEAB is working with government for establishing **Design Center**
- q Ministry of Commerce is devising **Sectoral Road Map** for industry transformative



CHALLENGES

- ❑ Free Trade Agreements (FTA) with prospective trade partner countries
- ❑ Decreasing lead time of export-import substantially
- ❑ Enhancement of productivity
- ❑ Diversification of products segments & markets
- ❑ Developing hi-fashion products

INVESTMENT OPPORTUNITIES & GOVERNMENT SUPPORTS

- q Leather sector as **focused industry** under non-traditional market & product diversification
- q **8-Private EPZ** in operation and target to establish **100 EPZ & SEZ by 2030**
- q Foreign and **joint venture investments** are encouraged in leather products and footwear industry
- q **Bond facilities** for 100% export oriented leather industries
- q **Duty and tax draw-back procedures**
- q **100% foreign ownership permissible**



INVESTMENT OPPORTUNITIES & GOVERNMENT SUPPORTS

- q Enjoy MFN (Most Favored Nation) status
- q No ceiling on foreign and local investment
- q Duty free import of construction materials
- q Duty free import of machineries
- q Relief from double taxation
- q One stop service for investors is coming soon, under Bangladesh Investment Development Authority (BIDA) for simplification of the investment procedures

WHY SOURCING FROM BANGLADESH ?

- q Fastest growing destinations
- q Locally available raw materials
- q Integrated production chain from raw materials to tanneries and footwear available
- q Tariff and quota free access to the European Union (GSP), Canada, Australia & Japan.
- q Shipment facilities by frequently available air and sea port

FUTURE VISION

- q 15,000 skilled workers by 2020 by Bangladesh Government and industry target to train under the implementation of Skills for Employment Investment Program (SEIP) through Ministry of finance in cooperation with Asian Development Bank (ADB)
- q USD 5 billion annual export by 2021, resulting in 200,000 additional employment in this sector.
- q Sustainable competitive edge Enhancement of compliance regulations and to acquire

THANK YOU

Important Links for More Information

Leathergoods And Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)

www.lfmeab.org

Knowledge & Resource Center (KRC)

www.lfmeab.org/krc

Bangladesh Investment Development Authority (BIDA)

www.boi.gov.bd

Centre of Excellence for Leather Skill Bangladesh Limited (COEL)

www.coelbd.com



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