

# BANGLADESH



## Circular economy 2-pager, October 2023

### POLICY LANDSCAPE

Bangladesh plays a significant role in global apparel and textile manufacturing, contributing to its socio-economic growth. It aligns with international laws promoting social, economic, and environmental development and actively supports the **United Nations Sustainable Development Goals (SDGs)**. Bangladesh has adopted a **10-year program (SCP-SDG12)** to improve sustainable practices and efficiency, with recent initiatives focusing on sustainability, including circular economy. The country is transitioning to a circular fashion model with support from the Dutch Embassy and local partners. Since its 1971 independence, Bangladesh has made strides in reducing poverty, fostering economic growth, and achieving the **UN Millennium Development Goals**, aiming for middle-income status by 2026. It actively participates in global discussions and adheres to international agreements related to aid, development effectiveness, partnerships, and the SDGs. In 2016, Bangladesh ratified the **Paris Agreement** committing to reducing greenhouse gas emissions. Since then, it is working on a legal framework for environmental concerns and sustainable power generation. To address climate change, Bangladesh has initiated the **Nationally Determined Contributions (NDC) Implementation Roadmap** as part of the **Seventh Five-Year Plan** focusing on low-carbon development, climate readiness, institutional capacity, and innovation. Bangladesh's proactive approach reflects its commitment to a sustainable future.



Brands conditioning suppliers to source **30%** of orders from recycled yarn, fabric



Bangladesh can save **\$500 mn** in imports if textile waste was recycled locally



Govt. need to withdraw **15% VAT** on recycled yarn, fabric

### FACTS & FIGURES

#### ECONOMIC INDICATORS

- Size: 147,630 square kilometres
- Total Population: 172,954 million (2023)
- GDP: 2,688 USD per capita, World Ranking: 34
- Purchasing Power: €8,7 thousands (2023)
- Import from the NL: 336 million USD (2021)
- Export to the NL: 1277,44 million USD (2021)
- Economic Growth: 7.1% (2022)
- Corruption perception Index: 147/180 (2022)
- Unemployment rate: 4.7% (2022)
- Currency and exchange rate euro: 1€=117.81 Bangladeshi Takas (2023)
- Time difference with NL: +4/5 hours

#### CE INDICATORS

- Global innovation index: 116/132 (2021)
- Recycling rate of municipal solid waste: between 37% and 77% (2021)
- Renewable energy production: 3% (2022)

### READY MADE GARMENT (RMG)

The rapid progress of Bangladesh's development is largely attributed to the Ready Made Garment (RMG) sector. The "Made in Bangladesh" label has played a pivotal role, employing approximately 4 million workers and contributing nearly 80% of the country's export earnings, and 14% of its GDP. Despite the impressive growth of the RMG sector, Bangladesh has recognized the need for change. While there are already about 190 environmentally friendly factories, there's a pressing need to shift the RMG sector toward a fully circular economy.

This shift could result in an additional \$5 billion in profits, save 840 million m3 of water, and reduce CO2 emissions by 3 million tons. Moreover, as Bangladesh is on the cusp of graduating from the Least Developed Country (LDC) category in 2026, failing to ensure the RMG sector's transition to a circular model could lead to a loss of current trade benefits. Therefore, in collaboration with the Dutch Embassy and local stakeholders, Bangladesh is committed to making the circular transformation of the RMG sector a reality.

## SELECTED OPPORTUNITY AREAS

### Circular (designed) RMG

Bangladesh's RMG industry is a vital part of its economy, accounting for 84% of exports and 10% of GDP. Recognizing the fashion industry as a significant global polluter, Bangladesh is committed to sustainability and decreasing the carbon footprint of this sector and counts on sourcing 40% of its energy from renewable energy source by 2041. The industry is thus focusing on circularity, with the aim to design out waste and polluting substances from the outset and maximise energy and material efficiency throughout products' lifecycles. This way, clothes, fabric, and fibres are long-lasting, produced responsibly and can re-enter the economy via closed loops. For this, the government has introduced the **National 3R (Reduce, Reuse and Recycle) Strategy**, which in the RMG have 3 main aims: reduce textile waste and overproduction; re-use materials wherever possible to avoid extracting new resources; and recycle to recover fibres and material, eventually through wider upcycling. RMG factories, through the 3R Strategy, want to advance their circular transition, fostering collaboration with fashion brands, textile producers, and recyclers. Bangladesh aims for long-term sustainability, presenting numerous collaboration opportunities with Dutch actors experienced in circular fashion practices.

### Textile Waste Diversion and Management

Landfills in Bangladesh present a significant concern for the environment, as waste is frequently disposed of illegally in nearby residential areas, resulting in significant leachate pollution. Addressing this issue requires an acceleration of textile waste diversion and management, primarily through collaborative partnerships that emphasize recycling and a circular approach. With the RMG value at \$47 billion, it generates approximately half a million tonnes of material waste, and daily waste generation is projected to rise to 8,500 tons by 2032. Currently only around 5% of this waste is recycled, leaving substantial room for innovation in waste management. The elimination of waste from production processes is essential for circular economy to work, hence, transitioning from linear to circular systems can effectively address waste management issues while reducing waste output. Collaborative endeavours can yield new solutions, such as repurposing surplus textiles into items like children's clothing. Waste management solutions and supply chain reconfiguration offer extensive opportunities for Dutch innovators and entrepreneurs, potentially leading to the repurposing of textile waste, benefiting society, the economy, and the environment.

### Water and Energy Circularity during production

Bangladesh's is the world's second-largest exporter of RMG after China. This accounts for 25% of the country's total emissions and contribute to air and water pollution. As part of sustainability commitment, most of the RMG green factories has already embarked on adopting the **Renewable Energy Policy**, through the installation of solar photovoltaic (PV) systems and water treatment plants. In line with the **Sustainable Development Goals**, the industry, particularly the **Bangladesh Garment Manufacturer and Exporter Association (BGMEA)** aims to reduce carbon emission, energy, and ground water usages, while increasing the use of sustainable raw materials, use of ZDHC chemical, and renewable energy. Furthermore, because the BGMEA RMG factories have higher water footprint, as they have water intensive dyeing processes, are looking for sustainable solutions. Indeed, the industry is aiming to reduce the sewerage water discharged into the government sewerage drain, without any treatment. Hence, Dutch expertise in circular infrastructure and renewable energy can greatly boost sustainability in RMG industries, impacting strategies, machinery, and factory systems for circularity of both water and energy.

## REPORTS & LINKS

- [The Apparel Story - Embracing Circular Economy in Bangladesh Apparel Industry](#)
- [Urban Waste Management in Bangladesh: an overview with a focus on Dhaka](#)
- [Bangladesh: national policy on development cooperation](#)
- [Circular Economy Model for developing countries: evidence from Bangladesh](#)
- [Renewable Energy Policy of Bangladesh](#)
- [Bangladesh and Netherlands bilateral relations](#)

## RELEVANT NETWORKS

### Business Networks & Research Institutes

[Partners for Water- Co-creating Impact](#)

[Doing Business in Bangladesh](#)

[Netherlands Enterprise Agency](#)

[Centre for the Promotion of Imports from Developing Countries](#)

[Centre for Sustainable Development](#)

[Centre for Global and Environmental Culture \(CGEC\)](#)

[Bangladesh Garment Manufacturers and Exporters Associations](#)

[Bangladesh Apparel Exchange](#)

[Pioneering Green Partnership Investing in Impact \(P4G\)](#)

### Embassies & related organizations

[Embassy of the Kingdom of the Netherlands in Bangladesh](#)

[Embassy of Bangladesh to the Netherlands](#)

[Economic Relations Division](#)