

**Bangladesh Apparels Export to the US Market:
An Examination of
Her Competitiveness vis-à-vis China**

Paper 62

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First Published September 2006

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Price Tk. 85.00

ISSN 1818-1570 (Print), ISSN 1818-1597 (Online)

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The present paper titled ***Bangladesh Apparels Export to the US Market: An Examination of Her Competitiveness vis-à-vis China*** has been prepared under the CPD programme on *Trade Related Research and Policy Development (TRRPD)*. This programme aims at strengthening institutional capacity in Bangladesh in the area of trade policy analysis, negotiations and implementation. The programme, *inter alia*, seeks to project the civil society's perspectives on the emerging issues emanating from the process of globalisation and liberalisation. The outputs of the programme have been made available to all stakeholder groups including the government and policymakers, entrepreneurs and business leaders, and trade and development partners.

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BANGLADESH APPARELS EXPORT TO THE US MARKET: AN EXAMINATION OF HER COMPETITIVENESS VIS-À-VIS CHINA

SECTION I: INTRODUCTION

As is well known, the international T&C (Textile & Clothing) industry has been governed since 1974 by a system of quotas known as the Multi Fibre Arrangement (MFA). As per the WTO Agreement on Textiles and Clothing (ATC), all quota-imposing members of WTO were required to lift the entire range of quotas on textiles and clothing as of 1 January, 2005. This was to be carried out in four phases, in ten years, beginning from 01 January, 1995. With the fourth phase-out period coming under completion on December 31, 2004 global trade in textiles and clothing has entered into a new terrain. This changed market dynamics was expected to have important implications for all concerned, the developed countries which are the major importers and the developing countries and the least developed countries (LDCs) which are the major exporters. Indeed some of the LDCs such as Bangladesh were able to gain a strong foothold in a quota-driven global apparel market over the past years. Although the quota did not provide a guaranteed market, it indeed provided Bangladesh and other developing countries a certain degree of predictability and security in accessing the apparels markets of developed countries.

The ramifications of quota-free regime in apparels trade were likely to be several. Developed country textile/apparels producers were no longer going to have the protection that the quotas provided. On the other hand, developing country producers and exporters were no more restrained by quotas. Distortions in the global apparels market in the form of entry restrictions and quota premiums were henceforth to be replaced by competition and competitive price.

As is known, China was not one of the original signatories of the GATT Uruguay Round, and acceded to the WTO and became a member only in 2001. It was widely recognized, and apprehended, that under a quota-free regime China would emerge as a major player in the global apparels/textile market. Developing countries were apprehensive that it would be China which was best positioned to extract the highest advantage from a quota-free regime. It was felt that China had the capacity to 'disrupt' the market.

China's entry into the WTO, and consequently, into global apparel markets under the newly emerging WTO-ATC regime, was thought to have several implications for apparels trade. Some of these were: (a) China's entry would put downward pressure on global apparels prices as a result of which prices were likely to go down, undermining the competitive strength of other countries; (b) a surge in imports from China would drive out developed country apparels producers; and (c) the architecture of global apparels market would undergo drastic changes with China becoming the dominant player by a long shot.

The above projections and concerns were not without justification. China's textile and apparel industry is by far the largest in the world. In recent years, China has been taking a number of steps to become the prominent supplier of apparels in the post-MFA global market. China has made substantial investment in her apparels and textile sectors in recent times; her production capacity increased substantially over the past few years. China has been aggressively buying textile and apparel machineries from the global market and upgrading her production capacities in anticipation of the emerging market opportunities. Data shows that from 2000 to the end of June 2003 China purchased machineries worth USD 12 billion, and invested USD 22.20 billion in her textile and apparel sector¹.

Recent export performance of China has proven the projections (and apprehensions) to be right. *Trend growth rate* of Chinese apparels export to the US market from 2001 till 2005 was a remarkable 26.4%. In 2005, China exported USD 24.15 billion worth of RMG items to the US market, a growth of almost 48% compared to the preceding year. The performance in the EU market was no exception – a robust *trend growth* of 15.5% was recorded between 2001 and 2004. Within a year of the phase-out of the MFA China has gained 48% market share in the EU and a 39% market share in the US. Some studies have even predicted that if China's growth continues to rise at this pace, by the end of 2007 she will capture 70% of the apparels market in the US and the EU².

It should, however, be kept in mind that under the provisions of China's accession to the WTO, safeguard measures have been put in place, in terms of growth quotas, on Chinese apparels export to major developed country markets. These are to expire before the end of 2008 (and 2013 in some specific cases).

The rise of China has major repercussions for a country such as Bangladesh which has emerged as an important player in the global apparels market. True, the global pie in apparels trade is expected to expand considerably in view of the increase in demand, and also on account of the envisaged closure of large number of apparels/textile unit in the developed countries (mostly lower-end apparels/textile segment which were likely to become a 'sunset sector') and there will be space for more than one player. Evidently, impact and implications of competition from China will have to be examined and scrutinized at country level and for disaggregated items of apparels (since the impact for particular countries will be felt only at the disaggregated product level).

It needs to be mentioned here that an earlier paper by the CPD has looked into the possible implications of China's rise in the context of the EU market³. This particular paper will try to analyse the aforesaid issues as they relate to the US market.

In view of the above, from the Bangladesh perspective, the following questions appear to be of crucial importance in the context of the US market:

¹ China Daily

² www.ncto.org

³ *EU Sanctions on Import of Chinese Apparels: Implications for Bangladesh* (CPD Trade Policy Brief; Vol 2, Iss. 3)

- Is China's ascendancy going to have tangible impact on Bangladesh's export-oriented RMG exports to the US market?
- For which apparels categories in the US market both Bangladesh and China have common strategic interests?
- What is the relative competitiveness situation between Bangladesh and China with regard to the items of export interest in the US market?
- What is likely to be the impact of the quota on Chinese exports of apparels in the US market as envisaged under terms and conditions of China's accession to the WTO?
- How should Bangladesh strategize to strengthen her position in the US market in view of (i) China's competitive strength, (ii) the breathing space provided under the WTO textile/apparels safeguard clause and (iii) Bangladesh's comparative advantage vis-à-vis China in particular categories?

Following the introduction, *Section II* examines the ramifications of China's accession to the WTO and consequently her status as a beneficiary of the ATC, particularly in the US market. *Section III* investigates relative competitiveness situation of Bangladesh in the US market at disaggregated levels vis-à-vis China particularly in view of imposition of quota on Chinese apparels, and draws attention to some of the emerging factors that are likely to impact on Bangladesh's competitive strength. *Section IV* identifies a number of initiatives which are perceived to be important if Bangladesh is to compete with China from position of strength in future.

SECTION II: CHINA'S ACCESSION TO THE WTO AND ITS IMPLICATIONS FOR GLOBAL TRADE IN APPARELS

Emerging Dominance of China in Global Textile/Apparels Market

By any measure China's apparels and textile sector is indeed quite large. China has announced its textile and apparel industries to be the *pillar industry of the nation*. The sector at present employs over 10 million workers, and supports, directly or indirectly, around another 90 million people through its various backward and forward linkages. The Chinese government engages in a variety of activities, some involving unfair and anti-competitive trade practices, which make China one of the most competitive producers in the world.

The updated Tenth Five-Year Plan envisages a number of objectives in this context. These refer to targets in various areas including⁴: a) Annual growth rate, b) Industrial value growth rate, c) Growth rate for foreign exchange to be earned, d) Proportionate growth for different textile and apparel sectors, e) Labor productivity growth, f) Renovation and upgradation of the cotton spinning, wool yarn and weaving, silk and linen, knitted textile, chemical fibers, industrial textile, industrial textile machinery, dyeing and finishing, the apparels sector, including expansion of exports, and g) development of branded and children's apparel. It is not difficult to infer from this list that China is pursuing a focused long-term goal towards becoming the preeminent player in the global apparels/textile scene, and retaining this position over the subsequent years.

Accession to the WTO, in November 2001, opened up new opportunities for further penetration of the global market by China's exporters of textile/apparels products. With WTO membership China became a beneficiary of the global trading discipline in apparels, more particularly the Agreement on Textiles and Clothing (ATC). China could now position herself to take advantage of the phase-out of the quota under the third phase of the ATC (which was put into force on January 01, 2002) and could look forward to the benefits accruing from the final quota phase-out (which was to be implemented on January 01, 2005). Thus, China was well poised to take full advantage of the opportunities of the global market once the quota-free regime was in full effect.⁵

US Market and China

As was to be expected, following her accession to the WTO China started to entrench her foothold in the US market for many products, most notably, apparels and textiles. On its part, the US began to closely monitor compliance by China of her obligations under the accession agreement and her export record and performance in the US market. On 11 December 2003 (two years after China's accession

⁴ www.ncto.org

⁵ Prior to her accession to the WTO, China was excluded from the gains accruing from the ATC which was thrashed out during the Uruguay Round (1987-93). This meant that before 2001 China was not being able to benefit from the integration of textile and clothing products under the ATC. This had put China at a disadvantageous position since she was still exporting under the quota regime between 1995 and 2001. Consequently, she was not able to take advantage of the first two stages of quota derestriction.

into the WTO), the United States Trade Representative (USTR) published its second report to the United States Congress on China's state of compliance with her WTO obligations.

The main complaint in the USTR *report* was that China had failed to implement her WTO commitments in some key sectors of economic importance to the United States. The USTR complained that institutionalization of market mechanism in China remained incomplete. It was further alleged that the Chinese government had frequently intervened in the market. The report also accused China of diverting attention from the implementation failure by manipulating trade flows to produce a temporary rise in the adverse impact arising from imports from the United States. There were allegations of unfair trade practices by China including i) currency manipulation, ii) continued provisions of direct and indirect subsidies to the local (Chinese) producers, iii) use of unjustified technical and safety standards to exclude foreign products and iv) poor intellectual property rights enforcement.

China's iron grip on the exchange rate of yuan came under severe attack from the USA. Rapid economic growth, enormous trade surplus and huge FDI inflows which, individually and together, should have under normal circumstances, led to an appreciation of the Yuan. However, despite this China pursued a deliberate policy of keeping her currency pegged at 8.2 Yuan/dollar since 1994 (it was widely believed the Yuan was 40% undervalued). This gave China considerable advantage in the export market. Even though the Chinese government had changed its policy subsequently, by appreciating the Yuan by 2%, nevertheless the Yuan-dollar exchange rate appears to be substantially underrated, at the present 8.11 Yuan/dollar.⁶

Besides currency manipulation there was a host of other explicit and hidden policies which, according to the aforesaid report, gave China a competitive edge vis-à-vis other countries. China's 13% tax rebate on textile and apparel products, government subsidization of state-owned textile and apparel enterprises (which, interestingly, comprises 52% of the textile sector and 25% of the apparel manufacturing sector), and availability of "free credit" for both the public and private enterprises provide her significant opportunities to undercut her competitors.

A recent study⁷ released by the WTO on the phase-out of quotas, made the projection that China (including Hong Kong) would take 56% share of the US apparel market. In the context of such an emerging scenario, there was reasons for countries such as Bangladesh to be apprehensive about what to expect once the apparels/textile safeguard mechanisms came to an end. A recent CPD analysis suggests that, exports of major apparel products from China into the U.S. market has increased by an average of 48% in 2005 compared to the previous year. Thanks to China's release from quota control as a result of joining the WTO. The largest increase in growth was experienced in

⁶ China's currency policy indeed violates IMF's Articles of Agreement, which clearly states that each IMF member shall "avoid manipulating exchange rates or the international monetary system in order to prevent effective balance of payments adjustment or to gain an unfair competitive advantage over other members." International Monetary Fund Articles of Agreement, Article IV, Section I (iii)

⁷ Global Textile and Clothing Industry post the Agreement on Textiles and Clothing; Hidegunn Nordas, ERSD, WTO, July 2004.

W&G Cotton Coats (cat 335) and Cotton Skirts (cat 342), which rose by 564% and 537% respectively. China exported nearly USD 669.4 million worth of W&G Cotton Coats in this period, up from USD 100.8 million in 2004, and USD 298.7 million worth of Cotton Skirts, up from USD 45.5 million. China also shipped 47.4 million cotton knit shirts in January – August period of 2005 compared to 5.6 million knit shirts during the corresponding period of 2004⁸.

Evidently, China's growing presence in the US market had a negative impact on US producers of apparels/textiles. Evidence bears out that between January 2001 and October 2005 US textile and apparel employment fell from 1,047 thousand to 648 thousand workers, a reduction of 38% of the January 2001 workforce in US textile and apparel industry⁹. In 2005 (Jan-Aug) 62 US textile plants closed down, mainly as a consequence of China's export surge. In total, between 2000 and 2005, 579 textile plants in US had closed down (*Table 1*). In 2004 the US trade deficit only with China hit a record USD162 billion, making this the largest ever trade gap in the history of the United States¹⁰. The picture is not different in the EU either. In 2005 China increased her share of export to the EU market by 48%, an unprecedented growth unmatched anywhere else in the world¹¹.

TABLE 1: NUMBER OF US TEXTILE PLANTS CLOSING DOWN BETWEEN 2000-2005

	2005	2004	2003	2002	2001	2000	Total
United States	31	24	50	42	116	29	292
North Carolina	11	6	24	20	31	14	106
South Carolina	12	2	11	5	31	6	67
Georgia	3	4	1	1	16	2	27
Virginia	2	3	1	3	4	1	14
Alabama	1	1	4	1	7	0	14
All other states	2	8	9	12	22	6	59
Total	62	48	100	84	227	58	579

Source: Compiled and computed from AMTAC Website

The US sentiment is captured by the reflections of Cass Johnson, President, NCTO: *"History has proven that China can capture as much as 30% market share in a single year. We cannot and will not allow China to do the same thing in the categories still under quota. If China captures a similar amount of market share for those categories, much of the world's textile and clothing industry will cease to exist."* He further quoted *"Hundreds of thousands of U.S. textile workers – and tens of millions of our fellow workers around the globe – are today perched on the very edge of the cliff. Early figures from Europe show that with the removal of quotas, Chinese imports in January doubled and, in some cases, even quadrupled (trousers). Today's U.S. trade figures show that the threat is real and this sector is now in critical danger. The U.S. government must move now to get the safeguard process restarted and give the industry the relief it was promised as part of the China*

⁸ Computed from OTEXA

⁹ www.amtacdc.org/media/2005/051108.asp

¹⁰ The New York Times

¹¹ NCTO Website

accession agreement.“ In a recent review of the world situation, Ma Zhen Gang, international affairs analyst, called China’s rising influence as “global and enduring.”

Safeguard Measures Against China

Apprehensive about the prospect of disruption in the global apparels/textile trade¹², developed countries were able to make China agree to certain safeguard measures during China's WTO accession negotiations. The idea was to ensure that the quota-free regime was put into effect in an orderly manner.

According to China’s WTO Accession Agreements¹³, the United States and other WTO member countries, under the textile-specific safeguard provisions, can unilaterally apply selective safeguards (*Special T&C Safeguard Measures*) on imports of textiles and apparels from China for four additional years beyond the termination of textile and apparel quotas under the WTO-ATC – that is from *January 1, 2005 through December 31, 2008*. This restriction is applicable only for a period of one year and no notification to WTO is required if and when such restrictions are imposed. Upon request of the concerned Member country, China is required to automatically limit its shipment to at most 7.5% (6% for wool products) above the amount exported during the first 12 months of the 14 months period preceding the consultation request.¹⁴

A second provision embodied in the agreement, known as the *Transitional Product-Specific Safeguard Measure*, allows any WTO member countries to invoke safeguards on any Chinese products through 2013 if the increasing import of that particular product cause or threaten to cause market disruption in its domestic market. This mechanism, which is in addition to the other WTO Safeguards provisions, differs from traditional safeguards measures in that it permits United States and other WTO member countries to address imports solely from China, rather than from the whole world, for import of products which is deemed to be a cause of significant material injury. This could be done through such measures as import restrictions. Moreover, the United States will be able to apply restraints unilaterally based on legal standards that differ from those in the WTO Safeguards Agreement, and could permit action in more cases. This provision was to remain in force for 12 years following China’s accession to the WTO (until 2013)¹⁵. In this case, however, the sanction-imposing country would be required to notify the WTO Committee on Safeguards and reach an agreement with China. If the alleged allegation against China could be proved in the WTO, then the affected country can impose restrictions on particular Chinese products for up to a period of 2/3 years.

Till the end of 2005, taking advantage of the safeguard measures, the US government had imposed quota restrictions on 24 categories of imports of textile and apparel items from China. Of these,

¹² This was dictated both by apprehensions about displacement of domestic producers and also by the prospect of negative impacts for export of apparels from other (non-China) developing countries.

¹³ These were first bilaterally agreed, and subsequently multilateralised once China became a WTO Member.

¹⁴ This limit is effective beginning from the date of request for consultations and ending on December 31 of that year unless 3 or fewer months are remained; in that case the period ends 12 months after the date of requests.

¹⁵ The White House Office of Public Liaison, November 17, 1999

restrictions on 8 categories have expired and the US Federal Registrar had reapplied for quota imposition on these product categories. (Table 2)

TABLE 2: SAFEGUARD MEASURES AGAINST CHINA (EXPIRED CATEGORIES)

(Million USD)

Effective from (12 Months)	CAT	Description	Country	2000	2001	2002	2003	2004	2005	Cap on Growth in Volume (%)
24 Dec, 2003 - 23 Dec, 2004	222	Knit Fabric	China	0.55	0.34	31.55	42.87	46.34	73.55	1.81
			BD	0.00	0.03	0.02	0.00	0.01	0.00	
24 Dec, 2003 - 23 Dec, 2004	349/649	Cotton & MMF Women's Intimate	China	133.63	120.17	289.81	419.70	446.76	516.51	4.81
			BD	15.13	15.56	24.50	14.69	23.97	16.05	
24 Dec, 2003 - 23 Dec, 2004	350/650	Cotton & MMF Dressing Gowns	China	28.48	33.68	122.08	199.31	208.98	247.02	-4.08
			BD	15.23	16.34	13.57	11.51	10.65	9.73	
29 Oct, 2004 - 28 Oct, 2005	332/432 & 632	Cotton, Wool & MMF Socks	China	4.32	8.88	30.39	95.44	237.51	223.57	-0.13
			BD	0.07	0.02	0.26	0.20	0.27	0.63	

Source: Compiled on the basis of CPD Trade Database

Table 3, provides an overview of these restricted products and their *quota allocation* for the rest of the year. Interestingly, out of these 16 categories which were derestricted by the US government, 12 product categories (338/339, 347/348, 352/652, 340/640, 638/639 and 647/648) had already surpassed their quota allocation and were running on a negative balance! This has happened because importers have brought forward quota allocations from subsequent period.

TABLE 3: SAFEGUARD MEASURES AGAINST CHINA (QUOTA IMPOSED AND EXPIRED ON 2005)

Effective From	CAT	Description	Limit	Unit	2005	
					Jun - Aug	Sep - Dec
May 23, 2005 - December 31, 2005	338/339	Cotton Knit Shirts and Blouses	4704115	DOZ	6964822	-2260707
May 23, 2005 - December 31, 2005	347/348	Cotton Trousers	4340638	DOZ	5974937	-1634299
May 23, 2005 - December 31, 2005	352/652	Cotton and MMF Underwear	5062892	DOZ	7318477	-2255585
May 27, 2005 - December 31, 2005	301	Cotton Yarn	1450777	Kg	527054	923723
May 27, 2005 - December 31, 2005	340/640	MMF Shirts, not Knit	2213126	DOZ	2832397	-619271
May 27, 2005 - December 31, 2005	638/639	MMF Knit Shirts and Blouses	2844383	DOZ	3912220	-1067837
May 27, 2005 - December 31, 2005	647/648	MMF Trousers	2660678	DOZ	3396282	-735604
August 31, 2005 - December 31, 2005	349/649	Cotton & MMF Women's Intimate Wear	7275216	DOZ		7275216
August 31, 2005 - December 31, 2005	620	Other Synthetic Filament Fabric	12328306	SqM		12328306

Source: Compiled on the basis of CPD Trade Database

US-China Memorandum of Understanding

In view of the surge in imports from China, and its impact on the US economy, US Trade Representative and the Chinese Commerce Minister signed an MOU¹⁶ on 8 November, 2005 according to which the US was to permit import of Chinese T&C products in the categories of 200/301, 222, 229, 332/432/632 pt (plus baby socks)¹⁷, 338/339pt, 340/640, 345/645/646, 347/348,

¹⁶ Otexa Website

¹⁷ Cat 632pt covers HSC 6115209010, 6115936020, 6115939020, 6115991420 and 6115991820. Baby socks covers HSC 6111206050, 6111305050 and 6111905050.

349/649, 352/652, 359S/659S, 363, 443, 447, 619, 620, 622, 638/639pt, 647/648pt, 666pt¹⁸, and 847 in accordance with annual levels indicated in table 4.

TABLE 4: AGREED LEVELS OF CERTAIN PRODUCTS UNDER THE US-CHINA MOU

Category	Unit	2006 Level	2007 Level	2008 Level	Growth (%)	
					2007/2006	2008/2007
200/301 - sewing thread/combed cot yarn	kg	7529582	8659019	10131052	15.00	17.00
222 - knit fabric	kg	15966487	18361460	21482908	15.00	17.00
229 - special purpose fabric	kg	33162019	38467942	45007492	16.00	17.00
332/432/632 t (plus baby socks) - T	dp	64386841	73963859	85058437	14.87	15.00
332/432/632 pt (plus baby socks) - B[1]	dp	61146461	70318431	80866195	15.00	15.00
338/339 t- cotton knit shirts	dz	20822111	23424875	26938606	12.50	15.00
340/640 - MB woven shirts	dz.	6743644	7586600	8724590	12.50	15.00
345/645/646-sweaters	dz	8179211	9201612	10673870	12.50	16.00
347/348 - cotton trousers	dz	19666049	22124305	25442951	12.50	15.00
349/649 - bras	dz	22785906	25634144	29479266	12.50	15.00
352/652 - underwear	dz	18948937	21317554	24515187	12.50	15.00
359S/659S - swimwear	kg	4590626	5164454	5990767	12.50	16.00
363 - pile towels	no	103316873	116231482	134828519	12.50	16.00
666 t-window blinds/window shades	kg	964014	1084516	1268884	12.50	17.00
443 - wool suits, MB	no	1346082	1514342	1756637	12.50	16.00
447-wool trousers, MB	dz	215004	241880	280581	12.50	16.00
619- polyester filament	m2	55308506	62222069	72177600	12.50	16.00
620 - other syn. filaments	m2	80197248	90221904	103755190	12.50	15.00
622 -lass fabric	m2	32265013	37104765	43412575	15.00	17.00
638/639 t -mmf knit shirts	dz	8060063	9067571	10427707	12.50	15.00
647/648 - mmf trousers	dz	7960355	8955399	10298709	12.50	15.00
847 – sbvf trousers	dz	17647255	19853162	23029668	12.50	16.00

Source: Compiled and computed from US-China MoU

The agreed understanding came into force from 1 January 2006 and will continue to be in place till the end of 2008. Specific growth rates vary insignificantly from category to category, but in general these rates are set at 10% in 2006, 12.5% in 2007, and 15% in 2008. For textile products, the rates are 12.5% for 2006 and 2007 and 16% for 2008¹⁹. If China's growth till now is taken cognizance of, there is no doubt that the agreement has brought substantial benefits to China. For the categories covered by the agreement, till August 2005 imports from China have soared 115% (in volume terms) compared to the same period of 2004 – about 185% for apparel and about 44% for textiles²⁰. Some of the categories including cotton trousers, cotton knit shirts and synthetic filament fabric have even seen growth rates of over a thousand percent!

According to Paragraph 8 of the MoU, the US agreed to allow entrance of textiles (except socks) that were not allowed to enter prior to the signing of the MoU due to application of Paragraph 242 of China's Accession Protocol (the China Safeguard quota provision). As stipulated in Paragraph 8, items allowed entry under this provision was not to be charged to any of the 2006-2008 agreement levels. The T&C items which were previously denied entrance into the US but are expected to be included under the MoU belong to categories 338/339, 352/652, 638/639 and 647/648. Socks

¹⁸ Cat 666pt – window shades and without window blinds – covers HSC ex6303120000 and ex6303922020.

¹⁹ AMTAC Website

²⁰ AMTAC Website

(332/432/632pt) that are not allowed entry under paragraph 8 are expected to include 11 tariff numbers.²¹

As stipulated in the aforesaid agreement, China may decide to increase the agreed level of product category in any given year to a maximum of 2% (*carry over* from the previous year) or to a maximum of 3% (*carry forward* from the next year's agreed quota). Also, a list of products have been identified which will not be subject to quota restrictions. This is presented in Table 5.

TABLE 5: PRODUCTS EXCLUDED FROM COVERAGE

Category	HTS	Description
338/339	Ex 6110201025	Knit to shape on flat-bed knitting machines, having a stitch count exceeding 9 stitches per 2 centimeters, but less than or equal to 18 stitches per 2 centimeters, measured on the outer surface of the fabric, in the direction in which the stitches are formed. All of the components of the garment are knit-to-shape ²² and all are looped and linked, including the side seam and pocket (if any).
	Ex 6110201030	
	Ex 6110202065	
	Ex 6110202075	
	Ex 6110909068	
	Ex 6110909070	
638/639	Ex 6110302050	
	Ex 6110302060	
	Ex 6110303050	
	Ex 6110303055	
	Ex 6110909076	
	Ex 6110909078	
647/648	6203433510	
	6204633010	
	6210405031	
	6210505031	
	6211201525	
	6211201555	

Source: Compiled from US-China MoU

To ensure that this agreement is in place and is followed in strict order, the MoU also stipulates that the US will not permit entry of a shipment if one of the following is missing from the ELVIS transmission:

1. Visa Number
2. Category, part Category or Merged Category
3. Quantity
4. Unit of Quantity
5. Date of Issuance, or
6. MID (Manufacturer Identification Code)

The MoU also includes a number of other provisions related to ELVIS Requirements, CBP Act, Entry of Shipments, Certification of Origin etc.

²¹ Excluding 6115910000, 6115926000, 6115929000, 6115936010, 6115936020, 6115939010, 6115939020, 6115991410, 6115991420, 6115991810, 6115991820.

²² For the purposes of statistical reporting under heading 6110, the term "knit to shape" means garments knit to shape on flat-knitting machines, having a stitch count exceeding 9 stitches per 2 centimeters, but less than or equal to 18 stitches per 2 centimeters, measured on the outer surface of the fabric, in the direction in which the stitches are formed.

Comments on the Agreement

Bangladesh and other low income apparel exporting countries ought to examine the MoU signed between the USA and China with due care.

It is to be borne in mind that the agreement gives the US wider coverage for a number of products and over a longer period. Any unilateral safeguard measure undertaken by the US under the *Textile Specific Safeguard Provisions* in China's WTO Accession Protocol would have provided only a limited protection in fewer categories until the end of the year. In the event, the US government would have been required to reimpose restrictions on those categories through the formal procedure of applying to the Federal Registrar, seeking public opinion, etc. which would have been a protracted exercise requiring between 3 to 4 months. US has also retained its right to use the safeguard mechanism if there is import surge from China in categories not covered by the agreement.

Secondly, the agreement allows China to ensure export growth over a period of three years and gives predictability to her exports.

Thirdly, the agreement provides an opportunity to importers and retailers to plan their purchase orders with greater predictability.

Fourthly, the agreement allowed the U.S. government to protect its domestic market by way of lowering the growth rates for most of the sensitive products²³, till the end of 2008 as compared to the EU – China accord which restricted Chinese apparel growth till the end of 2007.

And *finally*, the agreement gives some breathing space to China's low income competitors such as Bangladesh by limiting China's export to the US market.

Allegations of Illegal Transshipment

Some US producers of textiles and apparels have alleged that Chinese manufacturers are illegally shipping their goods (textiles and apparels) through Indonesia and some African countries which are receiving preferential treatment thanks to the AGOA²⁴ by showing that such goods originate in those countries.

When transshipped through Indonesia and other countries, most textile and apparel items do not enjoy the duty free treatment under the US GSP schemes, since textile and apparel items are registered as sensitive items and thus appear on the negative list. Accordingly, it is most likely that the Chinese exporters are merely utilizing this route to evade restrictions imposed by the US. However,

²³ As was mentioned earlier, the actual growth in 2005-06, following quota derestriction was much higher than what USA was able to subsequently negotiate with China.

²⁴ Such illegal transshipment can adversely affect domestic producers by creating unfair competitive advantage; it also restricts the trade of legitimate manufacturers when restrictions are applicable on that item. When illegal transshipment is made information to the buyers as regards the origin of the product is generally falsified and this violates provisions of special treatment as stipulated in bilateral treaties.

when the items are transshipped to US through African countries which enjoy preferential treatment the incentive is obvious – apparels items thus exported enjoy either duty free treatment or reduced duty access to the US market under the AGOA.

Recently the Indonesian government has made a formal complaint to the Chinese government as regards the issue of illegal transshipment²⁵ perhaps also in view of the ongoing bilateral talks between the governments of Indonesia and USA.

²⁵ Indonesia, China to Discuss Transshipment Issue. (Asia Pulse News. June 26, 2006)

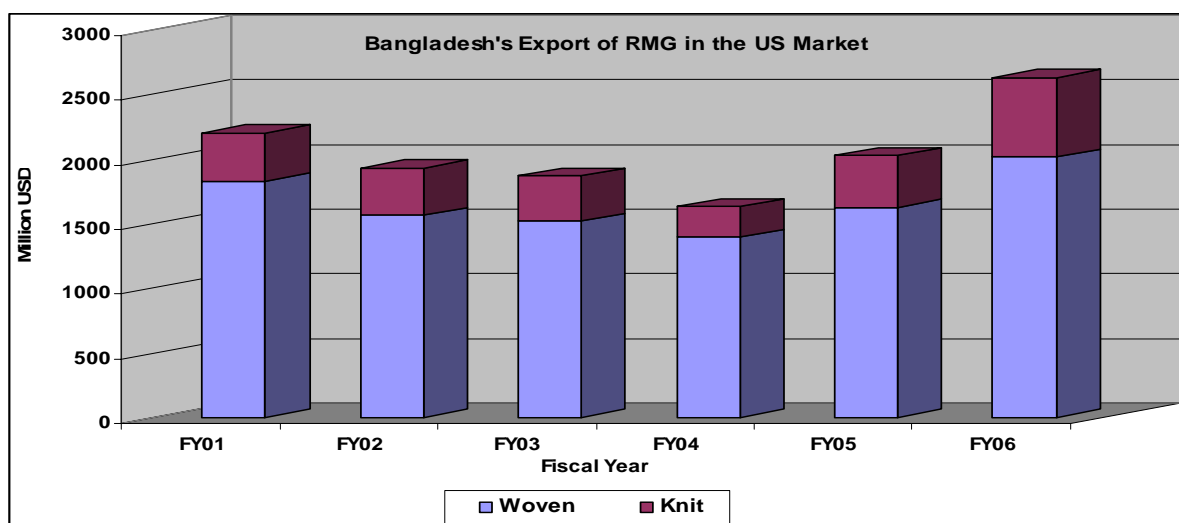
SECTION III: EXPORT COMPETITIVENESS CORRELATES: BANGLADESH VS. CHINA

Export-oriented RMG Sector of Bangladesh

Bangladesh's export-oriented RMG sector, with about 4000 firms and a workforce of about 1.6 to 1.8 million is a critically important segment of the country's economy. Several million other people are dependant on this sector, directly or indirectly, through multiplier impact. In 2004, Bangladesh's apparel export to the world was USD 4.44 billion, which was 1.72% of the total world apparel market share²⁶. With exports reaching about USD 9.0 billion in 2006 the share is set to go up.

It goes without saying that Bangladesh was able to take advantage of the security provided in the US market under the MFA, and the quota-free regime for LDCs in the EU market (when quota was imposed on other non-LDC countries) under the GSP. Bangladesh's RMG export earnings to the US market increased from USD 373.96 million in FY1991 to USD 2198.42 million in FY2001. However, immediately following China's accession to the WTO and the consequent MFN treatment in the US market, Bangladesh's export to US began to experience a decline under growing competition. It is interesting to note that exports of RMG to US came down from USD 2198.42 million in FY2001 to USD 1628.18 million in FY2004. It is only after FY2004 that we find exports to the US has once again picked up, to reach USD 2026.09 million in FY2005 and USD 2631.28 million in FY2006 [Figure 1].

FIGURE 1: BANGLADESH'S EXPORT PERFORMANCE IN THE US MARKET

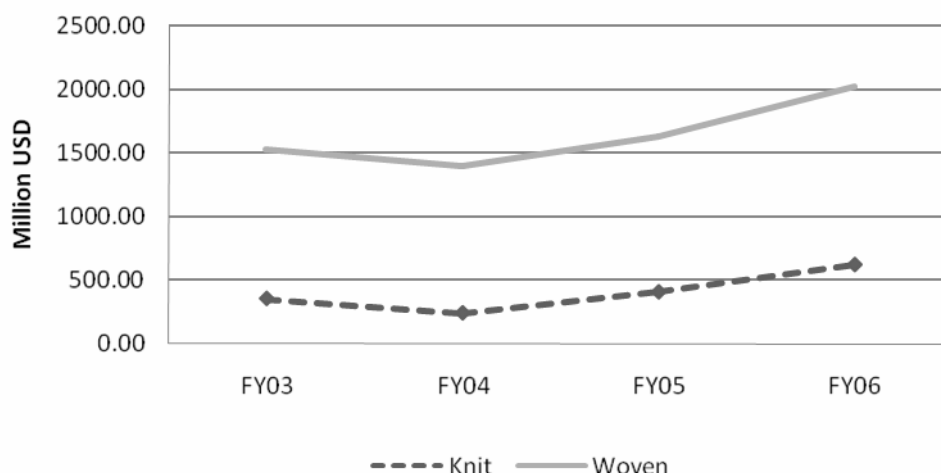


Source: CPD Trade Database

In recent years Bangladesh's knitwear export is experiencing phenomenal growth both in the US and in the EU. Relative performance of woven and knitwear export to the USA is seen in Figure 2.

²⁶ In 2004, the total world apparel market was USD 258 billion (www.wto.org/English/res_e/statis_e/its2005_e/section4_e/iv01.xls) It is to be noted here that according to EPB data, Bangladesh's export of RMG to the world in 2004 was USD 6.22 billion.

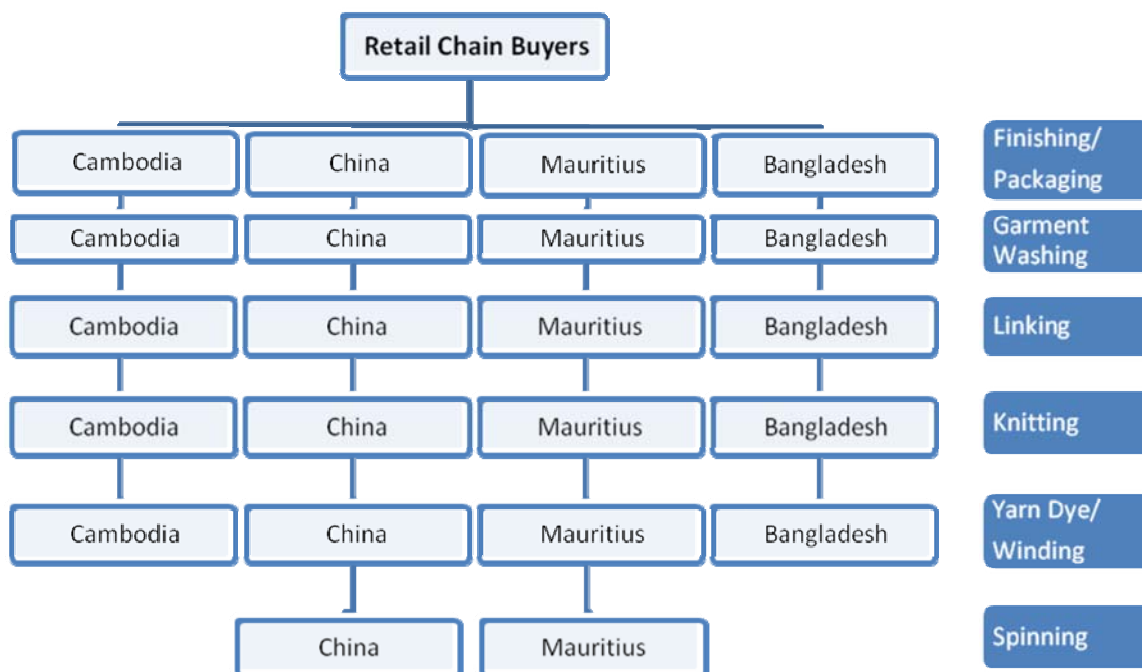
FIGURE 2: BANGLADESH'S EXPORT OF KNIT AND WOVEN ITEMS TO THE USA



Source: Analysed on the basis of CPD Trade Database

Although the decline between FY2001 and FY2004 may have been caused by several factors, including preferential treatment to the AGOA-CBI countries²⁷, one major reason for the fall in Bangladesh export in the US market was the stiff competition from China. In similar vein, it can be argued that the major reasons for the upturn following 2004 was the imposition of quota on imports from China in the US market in 2004.

FIGURE 3: VALUE CHAIN: KNITWEAR – BANGLADESH COMPARED TO OTHER COUNTRIES



Source: Reproduced from the report on Cambodia's Garment Industry: Meeting the Challenges of the Post-Quota Environment

²⁷ Under the AGOA and USTDA 2000, African and Caribbean countries received preferential tariff treatment for export of apparels to the US market.

Figure 3 traces the materials flow in the knitwear sector for four countries – Bangladesh, China, Cambodia and Mauritius. The figure illustrates the fact that Bangladesh is very well placed in the knitwear business as she has an integrated manufacturing sector for production of knitwear items, similar to China and Mauritius which have spinning sector that is integrated with the knitwear businesses. The performance of the knitwear sector of Bangladesh in the USA reflects her advantage. In FY06 Bangladesh exported knit garments worth USD 618.51 million to the USA – about 54% higher than that of the previous fiscal. The data for the first 4 months of the current fiscal (Jul – Oct, FY07) shows that, compared to the same period of FY06 export of knitwear from Bangladesh increased by about 30.12% globally. The advantage emanating from the strong backward linkage is quite apparent.

Bangladesh Versus China: Key Competitiveness Factors

The USITC Report (2004) also clearly points out some of the advantages enjoyed by Bangladesh’s export-oriented apparels sector in the US market (Box 1).

BOX 1: KEY COMPETITIVE FACTORS: BANGLADESH AND CHINA

Country	Likely Effect of Quota Removal	Contributing Factors
Bangladesh	The status of Bangladesh as an overall supplier to U.S. market is uncertain. Considered by some U.S. firms to be competitive alternative to China for mass-produced, low-end apparel.	<p>Labor - Very low wage rates; productivity improving, government is working to improve labor standards.</p> <p>Inputs - Relies heavily on imports for woven fabric; becoming increasingly self-sufficient in knit fabrics.</p> <p>Special Arrangements - Duty-free access: EU, Canada, and Norway.</p> <p>Products - Mass-produced basic garments, knit cotton tops and woven cotton pants.</p>
China	Likely to be supplier of choice for most large companies and retailers; uncertainty regarding textile-specific safeguards. Long term, competitiveness may diminish as strong economic growth leads to greater domestic demand for T&A. Showed high growth in export of goods for which it became eligible for quota-free entry in 2002.	<p>Labor - Per-unit labor costs very low due to low wages and high productivity.</p> <p>Inputs - Produces fabrics, trim, packaging and most other components.</p> <p>Products – Among the best in making at any quality or price level. World’s largest producer and exporter of T&A, notwithstanding tight quotas in major world import markets.</p>

Source: USITC Report, 2004

Between 1995 and 2005 China ranked the topmost exporter of RMG products to the US market [Table 6]. However, in 2001, China slipped to the second position and lost to Mexico. She regained the top place in the following year and was able to retain this till the end of 2005. Bangladesh continues to remain a major player in the US market, though her relative standing has seen wide variations. Before the quota phase-out she hovered around the fifteenth position; following quota

derestriction she has become one of the ten top exporters to the US market. This increase was experienced both in value terms as well as volume terms²⁸.

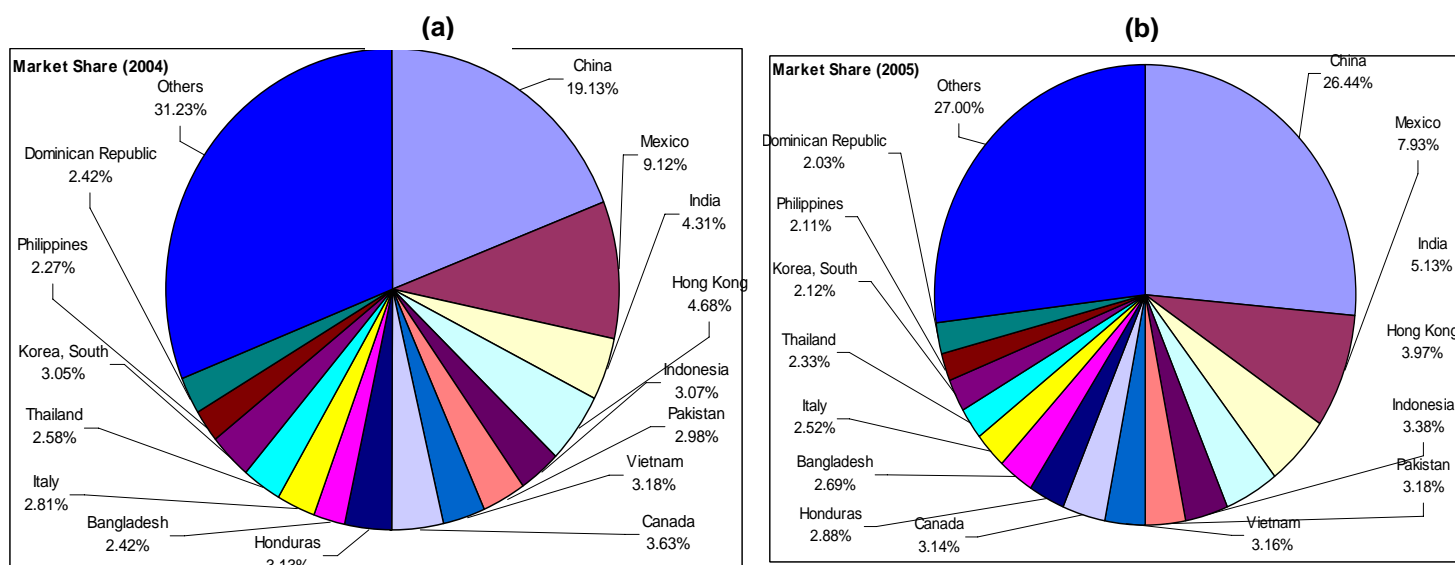
TABLE 6: RANK OF BANGLADESH AND CHINA IN THE US RMG EXPORT MARKET

Country	1995	2000	2003	2004	2005
Bangladesh	13	13	16	14	10
China	1	2	1	1	1

Source: CPD Trade Database

China has become a major competitor of Bangladesh and other low-end suppliers since its accession to the WTO. Following the elimination of quotas, China increased its market share in the US by about 50% : 19.1% in 2004 to 26.4% in 2005 [Figure 4 (a) and (b)]. Whilst a number of new players have joined the market in this period, exports of some of the traditional players saw considerable decline over the same period. Major exporters to the US market, viz Mexico (7.93%), Hong Kong (3.97%), Canada (3.14%) and Thailand (2.33%), saw a decrease in their export. During this period Bangladesh's share increased from 2.42% (2004) to 2.69% (2005), an increase of USD 391.61 million in terms of export value. In the first 6 months of 2006 Bangladesh recorded an export of USD 1387.58 million, an increase of USD 280.06 million compared to the same period of 2005.

FIGURE 4: MARKET SHARES OF MAJOR SUPPLIERS TO THE US MARKET (BEFORE AND AFTER QUOTA ELIMINATION)



Source: CPD-TPA Database

²⁸ The average unit price, however, has seen a decline

TABLE 7: COMPARISON OF EXPORTS FROM BANGLADESH AND CHINA IN THE US MARKET

(Million USD)

Country	2001	2002	2003	2004	2005	Jan - Jul		
						2005	2006	
World	70239.76	72183.13	77434.04	83310.44	89205.5	50578.37	51503.24	
Bangladesh	2204.99	1989.74	1939.36	2065.55	2456.93	1343.53	1646.22	
China	6536.32	8744.04	11608.83	14558.08	22405.22	13057.12	13216.35	
Share (%)	Bangladesh	3.14	2.76	2.50	2.48	2.75	2.66	3.20
	China	9.31	12.11	14.99	17.47	25.12	25.82	25.66
Growth (%)	Bangladesh		-9.76	-2.53	6.51	18.95		22.53
	China		33.78	32.76	25.41	53.90		1.22

Source: Analysed on the basis of CPD Trade Database.

Table 7 provides information on export from Bangladesh and China to the US market between 2001 and 2005 along with data for first seven months of 2006 compared to the corresponding period of 2005. In 2005, Bangladesh exported RMG worth USD 2456.9 million²⁹ to the US – a growth of almost 19% compared to the preceding period. During the same period one of Bangladesh's major competitors, China, surpassed all records of export to the US market. In 2005, China's export of RMG to the US was a whopping USD 22.4 billion which was 53% higher than that of the previous figure of USD 14.6 billion. Thanks to this upsurge, China managed to raise her market share by 8 percentage-points in just one year.

TABLE 8: TOP 5 CATEGORIES INTEGRATED IN THE THIRD PHASE

(Million USD)

CAT	Description	Country	2000	2001	2002	2003	2004	2005	Jan - Jul	
									2005	2006
359	Other cotton apparel	BD	217.26	207.29	142.77	105.62	95.72	84.78	94.46	80.66
		China	186.69	162.05	279.81	356.28	413.25	497.36	296.31	330.45
659	Other man-made fiber apparel	BD	151.52	118.98	97.19	92.61	122.62	119.36	126.27	117.24
		China	170.60	143.22	190.34	247.41	330.88	730.13	302.48	365.51
840	Shirts & blouses, not knit	BD	34.52	40.84	22.75	14.07	9.37	2.12	2.26	2.46
		China	57.11	59.58	144.89	288.55	291.06	234.60	188.07	207.16
669	Other man-made fiber manufactures	BD	23.38	34.55	34.41	24.30	21.69	31.24	30.79	25.22
		China	17.08	17.31	44.77	114.71	265.22	328.73	236.45	248.63
369	Other cotton manufactures	BD	21.76	25.25	25.20	21.83	20.42	19.09	18.32	21.79
		China	359.33	381.39	642.94	888.22	1070.64	1245.86	703.19	835.77

Source: Analysed on the basis of CPD Trade Database.

China's entry into the WTO in 2001 and relative performance of Bangladesh and China in the US market throws a number of important insights. The top five categories that were derestricted in the third phase contributed about 19.4% of Bangladesh's total export to the US market in 2001. At the end

²⁹ Data computed from Otexa database

of 2005 the share of these five categories had come down to 10.5% [Table 8], registering a fall of almost 40% between 2001 through 2005³⁰. To contrast, China was able to register a phenomenal growth of 298% for these same categories over the same period. Its share went up from 14.9% in 2001 to 43.9% in 2005.

TABLE 9: EXPORT OF TOP 10 CATEGORIES OF RMG EXPORTED TO USA BY BANGLADESH

(Million USD)

CAT	Description	2001	2002	2003	2004	2005	Jan - Jul	
							2005	2006
340	M&B shirts, not knit	229.22	200.48	229.70	266.98	331.70	174.68	175.95
347	M&B trousers, breeches & shorts	152.14	140.15	108.36	177.03	308.58	177.75	327.16
348	W&G trousers, breeches & shorts	108.69	122.47	104.53	118.57	215.93	127.13	206.80
659	other MMF Apparel	118.98	97.19	92.61	122.62	119.36	83.03	80.91
341	W&G shirts & blouses, not knit	125.75	94.06	116.78	113.40	116.68	80.91	70.03
647	M&B trousers, breeches & shorts	83.67	79.11	84.90	97.98	105.73	55.05	73.03
338	M&B knit shirts	77.80	63.01	63.43	55.26	104.99	60.86	90.62
352	Cotton Underwear	91.70	96.99	113.13	113.61	103.36	56.64	63.99
634	Other M&B coats	87.73	80.24	89.41	89.30	92.64	37.63	33.69
359	Other cotton apparel	207.29	142.77	105.62	95.72	84.78	56.49	52.37
Total (10 Items)		1282.97	1116.46	1108.46	1250.48	1583.77	910.18	1174.55
Total Export		2204.99	1989.74	1939.36	2065.55	2456.93	1343.53	1646.22
Share (%)		58.18	56.11	57.16	60.54	64.46	67.75	71.35

Source: Analysed on the basis of CPD Trade Database.

Table 9 depicts export performance of the top ten products of Bangladesh to the US market for the period 2005. These ten products contributed more than half of Bangladesh's export to the US during the period under review. These products posted a growth of 18.9% between 2004 and 2005. Except for 659 (other MMF Apparel), 352 (cotton underwear) and 359 (other cotton apparel), the rest of the products among the top 10 was able to increase their respective market share in the US³¹. These 10 products contributed more than 71% of Bangladesh's RMG export to the USA during the first seven months of 2006; their export growth was 29.1% higher compared to the same period of 2005 (Jan-Jul).

A breakdown of 15 major items at HS 10 digit level provides some idea about Bangladesh's comparative advantage in the US market (*Annex, Table A*). These 15 products account for about 38%

³⁰ Of these 5 categories only category 659 (other MMF Apparel) of Bangladesh experienced an insignificant positive growth of 0.32% (between 2001 and 2005) (Table 9).

³¹ Category 359 and 659 were derestricted in the third phase and 352 was integrated into the ATC in the final phase.

of Bangladesh's total apparel export to the USA. These items constitute only 9.2% of China's total RMG export to the US market. However, China was able to post a growth of 139.1% for these items in 2005 compared to the previous year. Export surge of China was likely to be continued even with the new quota in place on 21 categories. It is crucially important for Bangladesh to note that out of the 20 top exportable items in the US market, except for four³² the rest 16 items are bound by quota imposed on China, to be effective till 2008³³. *Table B of Annex* provides an idea about the volume of export by China of these products. As the table would indicate, China is experiencing phenomenal growth, both in volume as well as value terms. Indeed, it is this export surge that has forced the United States to come up with the agreement with the Chinese government to voluntarily restrict export of those particular items at a pre-designated level (as per the understanding in the China-US MoU). These products were clearly threatening to 'hinder the orderly development of trade'.

Bangladesh's Revealed Comparative Advantage Scenario

It is important to identify Bangladesh's exports for which she enjoys comparative advantage over her competitors, so that policies could be developed to enable Bangladesh to measure the range of her competitive advantage and further build on those. An RCA index has been built to help in this regard.

According to Heckscher-Ohlin theory, a country's comparative advantage is determined by its relative scarcity, such as, its factor endowment ratios relative to the rest of the world or a set of countries³⁴. However, Balassa proposed that it is not necessary to include all constituents affecting a country's comparative advantage, rather comparative advantage is revealed by *observed trade patterns*. In this context, Balassa introduced the well-known RCA index in 1965 (which is much advanced than Leisner's simple RCA model). Balassa's proposed RCA index is:

$$RCA = (X_{ij}/X_{it}) / (X_{nj}/X_{nt}) = (X_{ij}/X_{nj}) / (X_{it}/X_{nt})$$

Where, X represents exports, i is a country, j is a commodity (or industry), t is a set of commodities (or industries) and n is a set of countries. Here, RCA measures a country's export of a commodity relative to its total exports and to the corresponding exports of a set of countries (i.e. here the USA). The comparative advantage is said to have been *revealed* if $RCA > 1$. If RCA is less than unity, the country is said to have a comparative disadvantage in the commodity or industry³⁵.

This section examines the top 15 RMG products exported to the USA by Bangladesh and compares her revealed comparative advantage at HS10 digit level with respect to China, Vietnam and Cambodia, Bangladesh's three major competitors in the US market (*Table 10, Annex Table C*). As the analysis shows, among these top 15 items which contributes more than 37% of Bangladesh's apparels export to the USA, 10 apparel items enjoy revealed comparative advantage in the US market over the three aforementioned competitors. Out of the 5 items in which Bangladesh has revealed

³² 6206303040, 6201933000, 6206403030 and 6306229030

³³ Bangladesh has already started to reap the benefits of this US-China MoU; during the first 7 months of 2006 Bangladesh recorded a growth of more than 22% for the top 15 HS products, whereas China only posted a mere growth of 1.22%.

³⁴ Utkulu and Seymen. Revealed Comparative Advantage and Competitiveness: Evidence for Turkey *vis-à-vis* the EU/15

³⁵ It is argued that the RCA index is biased due to omission of imports.

comparative disadvantage, 3 are woven items and 2 are knit items. Indeed, as of January 2006 US has stopped imports of these 2 knit items³⁶.

TABLE 10: REVEALED COMPARATIVE ADVANTAGE FOR SOME SELECTED COMMODITIES

HTS	CAT	Desc.	Cntry.	RCA						
				2001	2002	2003	2004	2005	Jan - Sep	
									2005	2006
6205202050	340	men's shirts cot w gt=2 clr warp, nt nappd nt knit	World							
			BD	4.23	5.20	5.22	5.33	5.37	5.09	5.61
			China	0.28	0.38	0.21	0.23	0.22	0.28	0.11
			Vietnam	7.70	0.95	0.81	0.86	1.36	1.33	1.04
			Cambodia	2.95	2.72	2.98	2.56	1.59	1.66	1.10
6205202065	340	men's cotton shirts nesoi, not knit	World							
			BD	3.53	3.26	4.98	4.31	4.64	4.45	4.03
			China	0.32	0.36	0.22	0.21	0.37	0.46	0.25
			Vietnam	4.71	1.39	1.40	2.26	1.74	1.77	1.32
			Cambodia	0.81	0.56	0.67	0.78	0.75	0.55	0.74
6203424050	347	men's shorts of cotton, not knit	World							
			BD	3.18	3.81	3.36	4.51	5.13	4.72	6.79
			China	0.30	0.23	0.16	0.12	0.54	0.62	0.25
			Vietnam	0.46	1.10	3.16	1.84	1.72	1.78	1.77
			Cambodia	2.80	2.85	2.63	3.12	3.12	3.07	2.74
6505902060	359	hats&oth hdgear(ex babies)not knt,cot&hnd -lm&flklr	World							
			BD	9.89	8.28	6.68	6.21	5.55	5.87	4.59
			China	1.86	3.38	3.48	3.16	2.49	2.38	2.42
			Vietnam	0.61	0.50	0.41	0.88	1.19	1.15	1.20
			Cambodia	1.42	1.57	0.95	1.03	0.78	0.92	0.36
6505908090	659	not knit or crocheted mmf hdgr,not part brd: nesoi	World							
			BD	9.09	8.96	7.03	9.50	8.61	8.88	7.23
			China	1.60	1.15	0.94	0.77	1.31	1.20	1.47
			Vietnam	0.42	8.81	5.33	6.88	6.91	6.92	6.14
			Cambodia	3.02	3.14	1.72	0.90	0.56	0.70	0.10

Source: Analysis based on CPD Trade Database (Detailed in Annex Table C)

From the analysis it is easy to see that Bangladesh enjoys *revealed comparative advantage* in the US market for a number of her major exportable items. These items, identified at 10 digit level, should be further promoted in the US market. Bangladesh should build on her competitive strength for these items in the US market and focus on gaining further foothold.

Imposition of US Quota on China and Possible Implications for Bangladesh

The US quota on Chinese exports and the way this has been implemented has serious implications for Bangladesh in terms of her export opportunity to the US market. As mentioned in previous section of this paper, the US has imposed restrictions on 21 categories of apparel items exported to the US by the Chinese manufacturers which, according to the US, 'were hindering the orderly development of trade and pushing the US domestic producers out of competition'.

³⁶ 6110202065 (m/b other apparel of cotton) and 6110202075 (w/g other apparel of cotton)

Some of the concerned categories, such as cotton knit shirts (category 338/339), men's and boy's woven shirts (category 340/640), cotton trousers (category 347/348), intimate wears (category 352/652) and mmf trousers (category 647/648), for which quotas on Chinese export were imposed, are also major exportable items for Bangladesh in the US market (Table 11). As the table bears out, these 5 categories contributed more than 55% of Bangladesh's total apparel export to the US during the year 2005³⁷.

TABLE 11: BANGLADESH'S EXPORT OF SELECTED ITEMS TO THE USA

CAT	Desc.	Unit		January – September								
				2005			2006			Growth (%)		
				Value	Qty	Unit Price	Value	Qty	Unit Price	Value	Qty	Unit Price
338/339	cot knit shirts	Doz.	World	9372.73	283.92	33.01	10325.76	308.50	33.47	10.17	8.66	1.39
			BD	137.79	5.34	25.80	218.09	9.03	24.15	58.28	69.06	-6.38
			China	633.72	20.58	30.80	631.69	11.57	54.59	-0.32	-43.77	77.26
340/640	MB woven shirts	Doz.	World	2529.61	37.01	68.35	2223.97	32.37	68.70	-12.08	-12.53	0.51
			BD	274.92	5.54	49.60	302.88	6.41	47.26	10.17	15.62	-4.71
			China	294.45	6.16	47.83	174.45	2.77	63.03	-40.75	-55.04	31.78
347/348	cot trousers	Doz.	World	9481.58	132.57	71.52	9441.35	133.77	70.58	-0.42	0.91	-1.32
			BD	389.86	6.92	56.37	680.87	12.44	54.74	74.64	79.83	-2.89
			China	1065.11	18.34	58.07	802.71	10.45	76.83	-24.64	-43.03	32.30
352/652	Intimatewear	Doz.	World	2486.56	207.69	11.97	2438.50	201.57	12.10	-1.93	-2.95	1.04
			BD	88.92	10.94	8.12	110.18	12.97	8.50	23.91	18.47	4.59
			China	218.41	18.11	12.06	110.33	6.69	16.50	-49.48	-63.08	36.83
647/648	mmf trousers	Doz.	World	2662.22	47.86	55.62	2680.84	45.73	58.62	0.70	-4.46	5.40
			BD	99.98	2.68	37.27	122.43	3.20	38.25	22.46	19.33	2.62
			China	421.59	7.52	56.09	350.80	4.14	84.70	-16.79	-44.89	50.99

Source: Compiled from Annex Table D, Table E and Table F

Note:

1. Values are calculated as Million USD
2. Units are calculated as Million Units (Where unit refers to the particular unit of that product)
3. Unit Prices are calculated as USD/Unit

A detailed analysis of the restricted categories (*Annex Table D*) reveals that except for sewing thread/combed cotton yarn (category 200/301), polyester filament (category 619), other synthetic filaments (category 620) and lass fabric (category 622), Bangladesh exports at least some amount of all the other categories to the US market. These 21 categories together contribute more than 70% of Bangladesh's total apparels export to the US³⁸. From the table above it is seen that except for cotton knit-shirts (category 338/339), growth of apparels export from the world to the USA is either decreasing or somewhat stagnant. In contrast, Bangladesh's export of those items are demonstrating rapid growth. It is clearly seen from the analysis that in case of China, these products, which had posted phenomenal growth prior to the signing of the MoU, had indeed taken a backward flip in

³⁷ It may be noted here that export of these 5 items grew considerably during the first 9 months of 2006 and they contributed more than 63% of BD's total apparels export to the USA during this period.

³⁸ In contrast these 21 categories sum upto US's 60.74% of total apparel import from the world and China's share into this 60.74% was around 38%, which convinced the US to take action against imposing restrictions on Chinese export.

2006.³⁹ It will be logical to argue that this halt in the export surge is linked to the restrictions imposed on China by the US government. As is evident from *Annex Table D*, out of the 21 quota restricted categories, export of 13 items by China has decelerated in the first 9 months of 2006 compared to that of the same period of 2005; Bangladesh was able to take advantage of this situation and already improved her market share of some of these items.

TABLE 12: RISING EXPORT PRICES FOR CHINA FOR ITEMS UNDER QUOTA

(USD/Sqm)

HTS	Description	CAT		2001	2002	2003	2004	2005	Jan - Jul	
									2005	2006
6205202050	men's shirts cot w gt=2 clr warp, nt nappd nt knit	340	BD	3.07	2.81	2.74	2.81	2.76	2.81	2.55
			China	4.76	4.28	4.21	4.69	3.65	3.65	4.15
6203424050	men's shorts of cotton, not knit	347	BD	5.15	4.20	4.08	4.58	4.15	4.15	3.88
			China	6.91	6.07	5.57	6.36	3.90	3.91	5.15
6204624020	women's trousers & breeches other cotton, not knit	348	BD	5.63	4.89	4.94	4.80	4.31	4.25	4.06
			China	8.67	8.25	8.24	9.42	4.41	4.42	5.53
6203424015	men's trousers & breeches other cotton, not knit	347	BD	7.01	5.64	5.79	5.99	4.65	4.89	4.08
			China	8.13	7.57	7.35	7.61	4.68	4.68	6.21
6203424045	boys' trouser etc of cotton nt playsuit pt, nt kt	347	BD	4.19	3.45	4.75	4.57	2.92	3.11	2.79
			China	5.81	5.87	5.10	4.45	2.76	2.76	3.29

Source: Analysis based on CPD Trade Database (Detailed in Annex Table G)

Table 11 also provides information on the volume and unit-prices of the selected 5 categories exported to the US by Bangladesh and China. It is seen that while export of these products in volume-terms is increasing for Bangladesh, China is losing her market share at a significant rate. At the same time, while in most cases world market price and the Chinese price is increasing for these 5 categories, Bangladesh's average unit price is showing a declining trend. However, higher unit price of China may be explained by the fact that, since quotas are volume driven and not value driven, to generate more revenue the Chinese producers are moving towards high end products which is reflected in the increasingly higher unit price for Chinese goods in the US market. The analysis presented in Table 12 (*Annex Table G*) clearly brings this out. Bangladesh appears to have benefited from the quota imposed on China which is borne by her export performance. Thus, since China is moving towards high end products under the duress of quota, competition for Bangladesh in the lower end products is likely to be less stiff till 2008. Together with this, the rising labor cost in China (with higher transshipment cost, as manufacturing industries are shifting inland from the coastal belts) is likely to help Bangladesh.⁴⁰

An analysis of the US import data clearly shows that at least 5 of the 21 categories on which quota has been imposed on import from China, are also important exports from Bangladesh (Table 11). Accordingly, the quota on Chinese exports to the US should create enhanced market access opportunities for Bangladesh, or at the least should give Bangladesh some breathing space. The MoU between the governments of China and US has unnerved many of the US importers who have been importing apparels from China at competitive price. And since Bangladesh is also a major supplier to

³⁹ Analysis of first 9 months of 2006 compared to the same period of last year.

⁴⁰ Labor wage rate in the Chinese coastal belt is rising rapidly leading to shift of industries from the coastal belt to inland.

the US market for some of these same categories of apparels, and which she is capable of supplying at competitive price (*Annex Table F*), her opportunity as a major *alternative source* of import of these restricted items is likely to give her some comparative advantage over the next few years, as long as the quotas will be in place on Chinese exports.

China's Foreign Exchange Policy

As was stated earlier China has been pursuing a fixed exchange rate policy for a long time by fixing her currency against the dollar. This, by definition, doesn't violate the WTO or IMF rules. However, the spirit of the WTO is violated when exchange rate is used to create artificial competitive advantage in the global market. This is also in violation of IMF rules which discourage manipulation of exchange rate to gain unfair competitive advantage. China has used her currency policy very cleverly to gain competitive advantage in the US apparels market.

As has been widely reported, the Yuan breached the psychologically important barrier of 8 Yuan/USD on 15 May, 2006, the highest level since July 2005⁴¹. It is envisaged that the Yuan may be allowed to appreciate by about another 4-6% in 2007. However, as many studies have pointed out, given China's huge forex reserves and the huge surplus in the balance of trade with USA in recent years, the Yuan exchange rate against dollar should have undergone significant appreciation if it were to be determined in a market-driven context. However, China has given strong indication that she is determined to pursue a 'managed exchange rate' and any appreciation will take place only in phased manner and at a slow pace.

Price Competitiveness

Unit price figures show that for many of her major exports to the US market, Bangladesh does enjoy some advantage over China. The per-unit price of Men's cotton shirt [6205202050], which has been the topmost exportable item to the US market over the last couple of years, is USD 2.55 per sqm. This compares favourably with the world unit price of USD 3.76 per sqm and China's unit price of USD 4.15 Per sqm⁴². Similarly, unit price of Women's trousers and breeches [6204624020], Men's cotton shorts [6203424050], Men's trousers and breeches [6203424015], items that are important export items of Bangladesh in the US market, show relatively lower per unit cost when compared to their Chinese counterparts. *Table G of the Annex* provides price comparison for Bangladesh's top 15 HS items with those of global average and the Chinese price. The data indicates that most of the products exported by Bangladesh to the US actually have lower unit price compared to those of China and global averages. However, one has to keep in mind that even at ten-digit disaggregated level product quality could vary quite significantly, leading to differentiated prices in the global market place.

⁴¹ The yuan does appear to be on an upward trajectory. As is known, the Chinese government first revalued the currency by 21% in July, 2005; since then it has risen further by 4% against the dollar. Experts predict that it will rise further 5% in the coming year. USD-RMB exchange rate hit record 1:7.9982 (on May 15, 2006). On December 18, 2006 the dollar-yuan exchange rate was 7.82 compared to 8.07 a year back.

⁴² Per unit price is based on the Jan-Jul, 2006 data.

Acquisition of Technology

The year 2005 showed two major trends in the world market for textile machineries: first, a jump in shipments of circular-knitting machinery, mainly driven by shipments to Asia in general, and to China in particular. Second, significant reductions of investments in such areas as weaving, texturing and flat knitting machinery. In the spinning sector the picture was mixed. While the shipments of short-staple spindles rose, those of long staple spindles and rotors declined⁴³.

With the yearly global shipment of short-staple spindles in 2005 totaling around 11.2 million units (an increase of 7% compared to 2004), China alone was the biggest investor in this sector (around 7.2 million short-staple spindles) followed by India (1.4 million), Pakistan (1 million) and Bangladesh (0.54 million). In case of shipments of single heater draw-texturing spindles (for polyamide filament), China alone imported 84% (260000 units) of global shipment. Similarly, for shuttle-less looms, the major market destination in 2005 was China – 61% (32633 shuttle-less looms) of the global shipment went to China – compared to a mere 7% (3900 units) imported by Bangladesh.

With a total of 30,500 large circular knitting machines shipped globally in 2005, China alone procured 22500 circular knitting machines. With the investment in flat knitting machinery China came second to Hong Kong (with a procurement of 4800 flat knitting machinery) by procuring 2800 units.

The latest statistics by Chinese Customs reveal that, China imported textile machinery worth USD 2.19 Billion by July, 2006, an increase of 8.58% compared to the same period of last year: China's import of knitting machinery was worth USD 600 million, up by 33.76% year-on-year, whilst import of weaving machinery amounted to USD 385 million, up by 14.46% compared to the same period⁴⁴.

Highest import in value terms for China was for flat knitting machinery, jet-air weaving machinery, automatic winders, washing/bleaching/dyeing machines, rapier looms, knitting cylinders (over 165 cm) and embroidery machines, etc. In addition to this, China also lowered import taxes on 7 key equipments and parts of textile machinery from the current 1% - 7% to 0% - 3% in order to boost her exports⁴⁵.

Wage Rate and Productivity

Cost competitiveness and availability of an adequately skilled workforce will be critical to continued sustainability of Bangladesh's competitiveness in the US market. According to the USITC report, wages of workers in China's apparel industry in the coastal belt is USD 0.88 per hour; in the non-coastal area, the average hourly wage rate is USD 0.68 (Table 13). To compare, the wage rate of Bangladesh's workers was USD 0.39 per hour prior to the recent increase in the level of minimum

⁴³ These are taken from the annual textile machinery shipment survey released recently by the International Textile Manufacturers Federation (ITMF). The report covers 6 types of textile machinery, namely, spinning, texturing, weaving, large circular knitting, flat knitting and, for the first time, also finishing machinery. The 2005 survey has been compiled in cooperation with some 120 textile machinery manufacturers, representing a significant proportion of world output.

⁴⁴ CCPIT TEX

⁴⁵ www.textileandapparel.com, November 16, 2006

wage. To the extent the recent upward revision could push up the wages in the RMG sector, Bangladesh's relative competitiveness situation is likely to change. In addition, productivity is relatively high in China, making its overall labor cost lower than her competitors.

TABLE 13: TEXTILE AND APPAREL: HOURLY COMPENSATION FOR SELECTED COUNTRIES (2002)

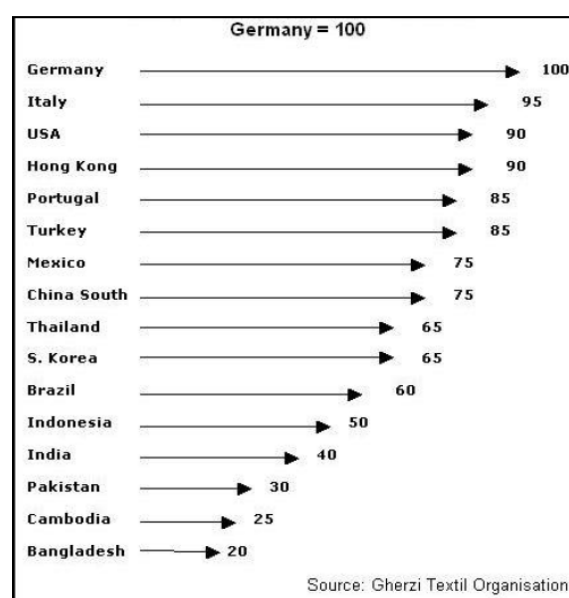
(Data in USD)

Country	Textile Industry	Apparel Industry
Bangladesh	0.25	0.39
China	0.41 , 0.69	0.68, 0.88
India	0.57	0.38
Pakistan	0.34	0.41
Thailand	2.30	2.45

Source: USITC Report (2004)

In general terms, productivity level of workers in Bangladesh is low compared to that of China. Figure 5 gives an overview of the labor productivity of women workers in the woven garments industry. While we see the labor productivity of a worker in China is 75, in Bangladesh the productivity level was only 20, 3.75 times lower than that of China. Although Chinese wages are higher compared to Bangladesh (between 1.7 times and 2.4 times), this productivity differential, on average, provides China a competitive edge.

FIGURE 5: LABOR PRODUCTIVITY IN WOVEN GARMENTS



Source: Reproduced from the report on Cambodia's Garment Industry: Meeting the Challenges of the Post-Quota Environment

A recent study done by the ILO on Cambodian RMG industries reveals some interesting information as regards China. According to the study, productivity levels are much higher in the smaller units where management teams train new recruits in accuracy and speed, and also in the area of quality

standards. In these units the motivation level of the employees was found to be much higher compared to larger units where employees are considered to be *capital goods* and are trained by being placed alongside *experienced* workers, something similar to what is actually the practice in Bangladesh.

TABLE 14: SELECTED CHARACTERISTICS OF CLOTHING BRANCHES

Country	Year	Value added per employee	Wages & Salaries per employee	Cost of Input Materials & Utilities	Costs of Labor	Operating Surplus
		(in 1000 USD)		(Percentage in Output)		
Bangladesh	1997	0.9	0.4	75.4	9.7	15.0
China (Hong Kong)	2000	32.3	15.6	77.1	11.1	11.9
China (Macao SAR)	1997	11.4	6.4	74.9	14.0	11.1
China (Taiwan)	1997	20.3	9.9	64.8	17.5	17.7

Source: International Yearbook of Industrial Statistics 2003, UNIDO

While low wages can still give developing countries a competitive edge in the global markets, *value addition per employee* is a far more critical factor in determining international competitiveness. Comparative advantage of developing countries in the assembly process, *i.e.* in low-wage sewing, does not necessarily translate into a comparative advantage in managing the entire supply chain when all services-related dimensions are taken into consideration, not to speak of the competitive advantage in sales at retail levels. Value addition per worker is also crucially related to the ability of the enterprise to reach out to higher-end products in the market place. In order to do so, national suppliers need to place greater emphasis on the education and training of services-related skills, such as design, material sourcing, quality control, logistics and retail distribution. According to the International Yearbook of Industrial Statistics 2003 (table 14), value addition by Chinese employees in the clothing sector was substantially higher than that of Bangladesh (granting that the data is dated). While value addition by each employee per year was about USD 900 in Bangladesh, in China (Hong Kong) this was USD 32300 and in China (Macao SAR) this was USD 11400. While average wages of employees are USD 400 in Bangladesh clothing sector, it was much higher in China (Hong Kong) – USD 15600 and China (Macao SAR) – USD 6400, in the mainland this would be at least twice as much as that of Bangladesh. However, Bangladesh's relative advantage in wages is more than offset by the higher value addition and productivity per worker in China.

Infrastructure Related Issues

The issue of lead time is one of the major factors that determine competitive edge. Whilst the average lead time for a woven item ranges between 90-120 days for Bangladesh, for China it ranges between 45-60 days. Table 15 below shows us the average lead time of woven and knit items of some of the major clothing competitors of Bangladesh.

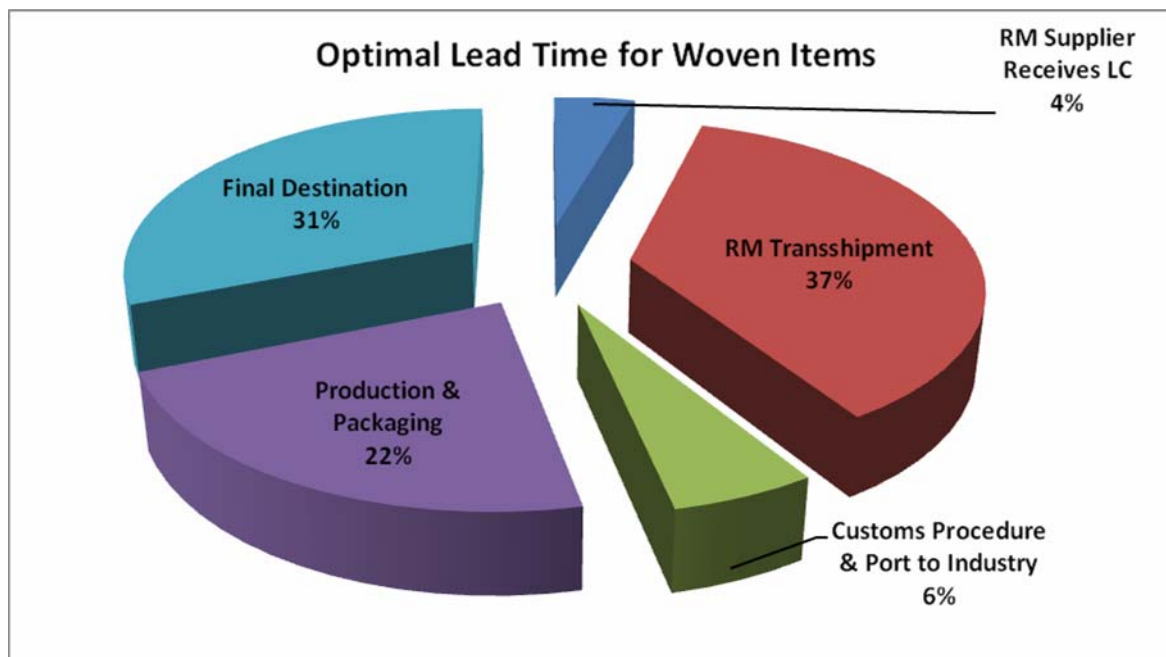
This long lead time in Bangladesh is mainly due to the absence of a strong integrated backward industry. In recent years development of spinning sector has contributed significantly to the development of an integrated knitwear industry, in Bangladesh with about 90% fabrics being supplied by domestic spinning and weaving sector. However, in the weaving sector only about 25-30% of the need of the export-oriented apparels sector is supplied by domestic suppliers. Indeed, it is the strong backward linkage that gives China her comparative advantage in apparels production and export. Putting in place a competitive upstream industries in spinning/weaving continue to remain a major challenge for Bangladesh.

TABLE 15: AVERAGE LEAD TIME OF KNIT AND WOVEN GARMENTS OF SOME SELECTED COUNTRIES

Country	(Average No. of Days)	
	Woven Wear	Knit Wear
Bangladesh	90 – 120	60 – 80
China	40 – 60	50 – 60
Cambodia	90 – 120	90 – 120
Vietnam	60 – 90	60 – 70
India	50 – 70	60 – 70
Thailand	60 – 90	50 - 60

Source: Gherzi Textil Organization (2001)

It has been estimated that this lead time can be reduced to 55 – 75 days if the fabrics could be sourced locally. Bangladesh's geographical location also does not help. First, the raw material (yarn/fabrics) carrying vessels from China or other countries reaches the Chittagong port via Malaysia or Singapore (25 – 30 days). From the port it takes another week to reach the factory mainly because of the bureaucratic customs procedure. Once the product is ready for export it takes another few days to deliver to the port and complete the customs procedure. Once everything is done, the consignments are then shipped to Singapore or Malaysia to be loaded in the mother vessels for the journey to either Europe or North America (another 28 – 30 days) (Figure 6).

FIGURE 6: OPTIMAL LEAD TIME FOR WOVEN ITEMS (RECEIVING OF LC TO DELIVERY TO FINAL DESTINATION)

Source: CPD TRRPD Database

In order to reduce the lead time the option of establishing Central Bonded Warehouse (CBW) for certain items (with careful examination of interest of local industries) should be considered with due urgency. Similarly, SAARC Cumulation which is hanging in the air for a long time needs also be addressed on an urgent basis. Simultaneously, there is a need for complete overhauling and upgrading of facilities in the Chittagong port. Improvements in infrastructural and transport logistics and streamlining of the import policy by removing cumbersome procedures are a necessity. Substantial upgradation of the national electricity grid is a must for uninterrupted supply of power; at present this is available only to the EPZ which contributes about 15% of the country's total RMG export.

Compliance with WTO Rules

Provisions of fringe benefits and direct and indirect subsidies in the apparels sector, often in violation of WTO rules is also something that provides the basis for China's comparative advantage⁴⁶. Indeed, both the EU and the USA have questioned the first ever subsidy notification of China to the WTO that was submitted in April 2006. The 88-page document lists 78 subsidy programmes, but provides details on only 29 of them, most of which deal with agricultural and rural development support. According to the EU and the USA, China's notification did not provide any information on support provided by regional and local authorities to numerous sectors. As an article in Bridges (year 10, No 7, November 2006) cites referring to the aforesaid report, China provided many specific examples of different forms of tax-breaks (including export-contingent VAT-refunds or reductions), funds for market

⁴⁶ For example, it was reported that Hongdou Group in Jiangsu Province invested 40 million yuan in setting up ten dormitory buildings for its employees. There are 300 rooms in every building, and each room, measuring 30 square meters, accommodates six employees. There are also special rooms for couples. Hongdou Group also spends 30 million yuan per year in providing three meals a day for all its employees. It is common practice for textile and clothing firms in China to provide such accommodation for their workers. These are often subsidised by the state.

exploration, export credit insurance and reimbursement of legal fees to exporters facing antidumping lawsuits abroad. They pointed out that textiles/apparels was one of the most targeted in this respect. In addition, US noted that the Ministry of Finance, the National Development and Reform Commission and the Ministry of Commerce has recently issued a 'Notice of Relevant Policies to Promote Chinese Textile Enterprises to shift to New Ways of Growth and to support them to Go Global', which includes central government-level support to technology innovation and development of core technologies and equipments in the textiles sector. This also allows for funding for textiles companies that set up distribution channels in overseas markets. US and the EU also challenged the practice of advantageous export-related loans granted by state-owned banks. It needs to be kept in mind that such hidden subsidies are likely to come under even closer scrutiny by WTO Members in near future and Bangladesh should keep a vigilant eye in this area.

SECTION IV: POLICY IMPLICATIONS AND CONCLUSIONS

Analysis presented in the previous sections lead to a number of important conclusions that have implications for Bangladesh as far as her competitiveness in the US apparels market vis-à-vis China was concerned.

The analysis in this paper spells out a number of points. Firstly, as has been convincingly argued, Bangladesh enjoys revealed comparative advantage in a number of items, both at the broad category level, and at the disaggregated level⁴⁷. Secondly, China is the major competitor of Bangladesh in a number of items of Bangladesh's export interest; following the MFA phase-out Bangladesh has started to experience considerable competitive pressure from China in a number of items of major export interest to Bangladesh. Thirdly, the signing of the MoU between US and China has provided a breathing space to Bangladesh and she has been able to take advantage of the situation; however once the MoU expires, Bangladesh is expected to face increased competitive pressure from China in the US market when market forces will once again start to dictate the competition environment. Based on this, it is only logical to state that in view of the post-MoU market situation Bangladesh should appropriately prepare for apparels export to the US taking adequate cognizance of the competition from China. This calls for the design of a medium term strategy towards Bangladesh's continued market presence in the US as a major supplier of apparels. This will require targeted actions in several areas.

Item Identification

As the analyses in this paper clearly point out, even at 10-digit disaggregated level Bangladesh enjoys price competitiveness vis-à-vis China for a number of apparel items. Even before quotas were imposed on Chinese exports Bangladesh was competing with Chinese exporters of some of these mass-produced items. Bangladesh should focus on these items. It is possible that China is at present concentrating on upper end segment of the market for these items (higher quality, fashion, design) driven by quotas under the MoU. Once these quotas are removed, China will start to penetrate the lower end of the market for these same items, putting Bangladeshi exporters under increased competitive pressure. However, since Bangladesh had been competing with China in these markets even before the MoU was put in notion, she should further strengthen her competitive advantage in view of the expiry of the MoU by end 2008.

Productivity Enhancement

The analyses presented in the paper clearly bear out China's advantage in terms of technology used in the apparels sector and the resultant productivity gain and advantage in terms of per worker value addition. In recent years, China's strategy in the textiles/apparels sector had primarily focused on

⁴⁷ As the economist points out: "In the calculus of costs, risks, customs and logistics that goes into building global operations, an increasing number of firms are coming to the conclusion that China is not necessarily the best place to make things". (Economist, January 13-19, 2007).

technological upgradation. As was pointed out in the paper, China's average wage rate in the apparels sector is higher than Bangladesh. However, higher productivity (revealed in terms of lower capital-output ratio and higher labour and capital productivity) is what provides China her competitive advantage in the US market as against Bangladesh. It is true that some technological upgradation has been taking place in Bangladesh in recent years. The textile technology fairs, being held regularly in the recent years, and their success also allude to a growing demand for improved technology from the apparels/textiles entrepreneurs of the country. This is also reflected in the dynamics of machinery imports for the textiles/apparels sector of Bangladesh. However, in view of the ongoing upgradation in China's apparels sector, the pace of restructuring ought to be speeded up. If Bangladesh is to diversify along the value addition chain of the products in which it has comparative advantage, technology will be the key to her success. A 'Technology Upgradation Fund' could be set up to provide financial and technical support to support and promote technological upgradation for apparels/textile sector⁴⁸. Import tariff on machineries for export-oriented industries in Bangladesh was waived several years back. Couple of years back tariff on spare-parts for those machineries have also been removed. However, to compete with China, Bangladesh can ill-afford to leave productivity-enhancing technology upgradation only to the forces of market. This issue becomes all the more important also in view of the need for encouraging the establishment of backward linkages in the apparels sector, particularly in the woven sector.

Reducing the Lead Time

In global apparels market, along with price it is the lead time that decides whether the international buyers will place an order or not. One major advantage of China is the short lead time she requires to meet an export order. Not only is China a major producer of cotton, her ports are also capable of working speedily when import of cotton is called for. For Bangladesh, lead time is fast emerging as a serious bottleneck to her continuing competitiveness in the US and the global market. Whilst the demand in the mass-produced, volume-driven segment of the apparels market is quite stable, the more value-added part of the demand curve is characterized by frequent changes in fashion and design. A transition and graduation to this segment will invariably call for shorter lead time, particularly also taking cognizance of the fact that the duration of fashion seasons in the USA have come down considerably in recent years⁴⁹. Two factors will be important for Bangladesh in terms of reducing the lead time: strengthening of the backward linkage in woven-textiles (where there is comparative advantage) and substantial improvement in port clearance and infrastructure. In recent years, the idea of the *central bonded warehouse* has been floated as a way to reduce the lead time. The debate here is pretty well known⁵⁰. However, Bangladesh should get on with addressing this *not so easy to decide* policy question by carefully balancing the interests of the apparels and textile sector. For a start, import of man-made synthetic grey fabrics (where domestic capacity is limited) under such

⁴⁸ India had set up such a fund, worth about 2500 crore rupee, years back to support technological upgradation in the country's textile and jute sectors.

⁴⁹ If, previously, there were mainly four seasons (autumn, winter, summer, spring), at present the market has become more diversified with emergence of distinct early and late phases of these fashion seasons.

⁵⁰ This debate originates from the conflicting interest of export-oriented, import-dependent apparels sector and the domestic backward linkage, fabrics supplying domestic textiles sector.

arrangements could be put in place. On the other hand, the limitations of the country's major port (Chittagong port) is also becoming quite apparent. It has one of the longest turnaround time in the world (which also leads to cost escalation). From a medium term perspective, the construction of a deep sea-port appears to be the only viable solution. From a short-term perspective both procedural and infrastructural-logistics facilities at the port will have to be significantly improved. In recent years many of the cumbersome administrative procedures have been streamlined leading to reduction in clearance time. However, modernization of the port and its computerization, establishment of green channel and putting in place an effective pre-shipment inspection system appear to be some of the tasks that Bangladesh should urgently address.

Compliance Assurance

Current global trading regime in apparels is increasingly being characterized by a rising demand with regard to compliance with various standards. One of China's advantages in the global apparels market emanate from the support the sector receives from the state, both explicit and implicit, to implement the stringent requirements of the buyers, and demands of consumers in the developed world. Although Bangladesh has gone some way in this respect, many factories are yet to fully carry out the necessary measures to comply with buyer requirements. Doing the needful requires allocation of substantial resources which raises cost. However, to remain in competition all apparels units in Bangladesh must strive to be 'compliant' as early as possible. Private entrepreneurs will need to do their part of the deal particularly in the area of ergonomics, creating conducive working environment, and protecting workers' rights. However, government support is also called for in this regard, particularly by way of setting up clusters, establishing affluent treatment facilities (particularly for knitwear-sector), and providing common facilities. Bangladesh will also need to strictly implement factory inspection and other regulatory measures to ensure that compliance requirements are strictly followed by the apparels enterprises.

Preferential Market Access

Bangladesh's apparels could have enjoyed a significant advantage over the Chinese exports had there been preferential market access for her products in the US market. As is known, the US GSP scheme for the LDCs does not include apparels. Moreover, regrettably, the Hong Kong Ministerial Decision of the WTO on the duty-free, quota-free market access for the LDCs allows Bangladesh and other LDCs to have preferential (zero-tariffed) access only for 97 per cent of their product⁵¹. In all likelihood, the USA will take advantage of this flexibility to include all (or almost all) apparels items in the 3 per cent exclusion list. Bangladesh's strategy in view of this should be to negotiate with the US in a manner that allows exclusion of at least some of the apparels items of her major interest from the '3 per cent exclusion list' of the US and to gradually work towards an all embracing DF-QF decision within the ambit of the WTO⁵². Given that, many of the apparels items of Bangladesh face tariff peaks in the US⁵³ such DF-QF market access will provide her with considerable competitive edge vis-à-vis

⁵¹ WTO Ministerial Decision; Annex F; 36a.

⁵² The Hong Kong DF-QF decision is a framework which is to be finalized through further negotiations.

⁵³ Many of these tariffs range from 10% - 25%.

China. Consequently, Bangladesh should actively pursue in the WTO the demand for DF-QF market access for all products from all LDCs. In this regard Bangladesh should also actively lobby for a speedy consideration by the US Senate of the *TRADE Bill* which was placed before the US Congress in 2005 to provide preferential market access to a number of LDCs and developing countries including Bangladesh⁵⁴. As a matter of fact, with the ending of the tenure of the 109th Congress in December, 2006 validity of the *TRADE Bill* 2005 has lapsed. The bill will now have to be reintroduced in the newly elected 110th Congress.

It needs to be kept in mind that as far as the apparels market is concerned the global pie is likely to substantially increase in the near future⁵⁵. Consequently, it will not be a zero-sum game for exporters to the US market – there will be space for many players. Rising costs and a natural desire for major buyers have led to a situation where major international apparels buyers are now pursuing a China Plus One strategy. It should be Bangladesh's own strategy to ensure that as far as the US market is concerned it is Bangladesh and not Vietnam or Cambodia which come in to fill in this gap.

⁵⁴ The Trade Relief Assistance for Developing Economies (*TRADE*) bill which was first tabled in the US Congress envisages to provide zero-tariff access in the US for apparels exports from fourteen LDCs of the Asia-Pacific region including Bangladesh (i.e. mostly LDCs that have not been included under the *USTDA* and the *CBI* initiatives of the USA). The *BGMEA* first appointed a lobbyist firm, *Pattern Box* (at a reported fee of USD 1200 per month) in August 2001 to pursue the interest of the sector in USA. Later the *BGMEA* signed a contract with the lobbyist firm *Sandler, Travis and Rosenberg, PA (STR)* in June 2004 (at a reported fee of USD 25000 per month) for this purpose. With no results in sight, the contract with *STR* was terminated in mid 2006.

⁵⁵ The global demand for apparels in value terms is increasing. Moreover, in view of exit of many apparels/textile units in the developed markets, import of clothing and textile is likely to go up in future.

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Annex

Table A: Comparison of Bangladesh's Top 20 RMG Export with China to USA

(Million USD)

HTS	Description	CAT		2001	2002	2003	2004	2005	Jan - Jul	
									2005	2006
6205202050	men's shirts cot w gt=2 clr warp, nt nappd nt knit	340	World	614.07	538.31	583.07	766.72	936.55	537.23	286.15
			BD	74.75	71.38	69.96	92.48	126.38	65.86	47.57
			China	21.35	29.98	21.13	35.89	57.27	55.97	9.07
6205202065	men's cotton shirts nesoi, not knit	340	World	690.63	659.49	687.65	823.69	837.49	520.77	283.91
			BD	70.04	54.70	78.65	80.31	97.60	56.22	33.86
			China	27.54	34.76	26.48	34.77	85.09	81.34	21.15
6203424050	men's shorts of cotton, not knit	347	World	725.67	637.00	709.54	688.11	701.63	576.97	549.72
			BD	66.35	61.84	54.78	70.22	90.45	68.89	110.62
			China	27.03	21.07	19.95	16.26	103.41	103.22	41.47
6204624020	women's trousers & breeches other cotton, not knit	348	World	1772.93	2014.62	2386.99	2352.78	2571.20	1730.97	1174.35
			BD	40.00	40.32	31.71	46.26	84.01	54.32	71.52
			China	80.60	97.75	113.75	101.40	335.02	334.08	117.23
6206303040	wmns bls,shrt,cot,w lt 2 clrs in wrp a/o fill	341	World	614.41	844.46	908.59	847.78	930.96	601.74	490.89
			BD	80.23	61.60	75.38	81.35	79.57	55.34	32.18
			China	52.25	63.77	55.88	63.12	201.84	133.69	119.11
6203424015	men's trousers & breeches other cotton, not knit	347	World	1516.40	1497.88	1558.94	1521.99	1497.18	847.75	542.28
			BD	40.56	24.34	16.79	29.12	61.03	30.23	26.21
			China	69.07	44.12	39.82	54.00	115.91	115.12	37.65
6505902060	hats&oth hdgear(ex babies)not knt,cot&hnd- lm&flklr	359	World	391.38	357.19	376.43	440.13	425.11	272.62	267.17
			BD	111.29	75.32	57.72	61.85	59.27	40.47	36.00
			China	90.19	175.05	229.44	280.85	287.17	180.88	191.85
6201933000	m/b garments water resistant; mmf, not knit	634	World	846.42	721.79	714.58	645.92	674.29	289.43	272.89
			BD	69.51	59.22	61.56	53.43	54.03	21.01	17.26
			China	127.74	104.38	109.58	97.58	285.09	104.48	129.56
6110202065	m/b other apparel of cotton, knit	338	World	1850.63	1897.84	2103.40	2195.39	2399.49	1285.40	0.00
			BD	52.54	37.15	38.78	28.16	51.98	28.07	0.00
			China	54.50	50.24	56.16	49.57	91.44	89.02	0.00
6203424045	boys' trouser etc ot cotton nt playsuit pt, nt kt	347	World	320.56	306.05	322.89	295.00	333.62	198.06	81.89
			BD	17.11	15.77	12.78	23.46	43.37	22.36	17.38

			China	10.69	7.10	2.60	1.45	33.27	33.09	3.18
6108210010	women's briefs and panties of cotton, knit	352	World	462.69	515.22	513.44	574.33	547.10	313.38	326.34
			BD	45.41	39.83	41.20	39.25	39.81	23.11	22.74
			China	3.07	1.61	2.09	2.94	26.28	26.07	3.84
6110202075	w/g other apparel of cotton, knit	339	World	2773.74	3163.97	3422.31	3794.48	4014.94	2261.55	0.00
			BD	20.50	35.17	28.38	35.45	39.37	21.49	0.00
			China	80.29	53.90	48.67	69.62	219.70	218.82	0.00
6505908090	not knit or crocheted mmf hdgr, not part brd: nesoi	659	World	173.14	161.08	154.74	164.88	173.11	99.02	106.08
			BD	45.28	36.78	24.99	35.46	37.43	23.04	25.37
			China	34.41	26.79	25.40	25.57	61.47	29.38	42.49
6204624010	women's trousers & breeches cot blue denim, nt kt	348	World	1368.00	1546.16	1525.19	1786.14	2092.94	1226.61	596.08
			BD	19.82	21.36	11.32	14.03	34.79	18.16	21.89
			China	27.34	60.10	31.72	27.36	149.10	148.49	29.54
6205202060	boys' shrt cot w gt=2 clr wrp n/np n/imp plyst pt	340	World	76.37	68.58	66.76	62.61	92.93	51.80	34.19
			BD	18.95	14.36	16.14	22.39	31.73	18.09	12.28
			China	1.11	1.30	0.65	0.83	6.96	6.25	0.69
Total (15 Items)			World	14197.03	14929.64	16034.54	16959.97	18228.54	10813.29	5011.96
			BD	772.34	649.12	620.14	713.24	930.82	546.66	474.88
			China	707.19	771.93	783.32	861.24	2059.01	1659.90	746.84

Source: CPD Trade Database

Table B: China's Export of Products in Volumes Covered under the Agreement*(Figure in Million Units)*

CAT	Unit	2001	2002	2003	2004	2005
200/301	kg	2.23	2.11	2.42	3.07	6.95
222	kg	0.03	7.01	9.49	10.62	18.13
229	kg	0.52	3.82	9.52	19.15	29.00
332/432/632	Dpr	0.99	6.21	23.95	59.90	63.34
338/339	Doz	2.64	2.85	2.60	2.82	20.63
340/640	Doz	2.40	2.54	2.24	2.47	6.17
345/645/646	Doz	1.07	0.94	0.98	1.07	7.85
347/348	Doz	2.61	2.79	2.48	2.18	18.37
349/649	Doz	3.19	10.58	16.06	17.73	20.71
352/652	Doz	5.39	4.45	5.39	5.21	18.16
359/659	kg	11.75	26.00	35.35	46.11	87.45
363	No.	25.09	25.88	22.33	21.48	87.84
666	kg	4.49	53.47	145.59	218.62	261.58
443	No.	0.12	0.16	0.14	0.15	1.61
447	Doz	0.05	0.08	0.12	0.07	0.20
619	Sqm.	3.58	3.36	7.81	3.88	60.35
620	Sqm.	4.67	6.86	4.47	5.90	81.66
622	Sqm.	1.26	4.22	6.47	16.02	30.30
638/639	Doz	3.31	2.61	2.44	2.93	9.36
647/648	Doz	2.33	3.37	3.22	2.85	7.55
847	Doz	0.93	2.18	8.90	17.62	15.72

Source: CPD Trade Database

Table C: Revealed Comparative Advantage of Bangladesh's Top 15 Apparel Items Export to USA

(Million USD)

HTS	CAT	Desc.	Cntry.	2001	2002	2003	2004	2005	Jan - Sep		RCA						
									2005		2001	2002	2003	2004	2005	Jan - Sep	
									2005	2006						2005	2006
6205202050	340	men's shirts cot w gt=2 clr warp, nt nappd nt knit	World	614.07	538.31	583.07	766.72	936.55	719.98	286.15							
			BD	74.75	71.38	69.96	92.48	126.38	90.95	47.57	4.23	5.20	5.22	5.33	5.37	5.09	5.61
			China	21.35	29.98	21.13	35.89	57.27	56.96	9.07	0.28	0.38	0.21	0.23	0.22	0.28	0.11
			Vietnam	3.04	6.19	13.85	19.55	37.39	27.70	10.19	7.70	0.95	0.81	0.86	1.36	1.33	1.04
			Cambodia	22.24	19.67	25.50	30.60	25.93	20.09	6.49	2.95	2.72	2.98	2.56	1.59	1.66	1.10
6205202065	340	men's cotton shirts nesoi, not knit	World	690.63	659.49	687.65	823.69	837.49	657.16	283.96							
			BD	70.04	54.70	78.65	80.31	97.60	72.60	33.86	3.53	3.26	4.98	4.31	4.64	4.45	4.03
			China	27.54	34.76	26.48	34.77	85.09	84.81	21.15	0.32	0.36	0.22	0.21	0.37	0.46	0.25
			Vietnam	2.09	11.13	28.11	55.31	42.69	33.57	12.86	4.71	1.39	1.40	2.26	1.74	1.77	1.32
			Cambodia	6.83	4.93	6.71	10.04	10.90	6.10	4.32	0.81	0.56	0.67	0.78	0.75	0.55	0.74
6203424050	347	men's shorts of cotton, not knit	World	725.67	637.00	709.54	688.11	701.63	594.34	549.72							
			BD	66.35	61.84	54.78	70.22	90.45	69.55	110.62	3.18	3.81	3.36	4.51	5.13	4.72	6.79
			China	27.03	21.07	19.95	16.26	103.41	103.35	41.47	0.30	0.23	0.16	0.12	0.54	0.62	0.25
			Vietnam	0.22	8.46	65.51	37.50	35.30	30.53	33.46	0.46	1.10	3.16	1.84	1.72	1.78	1.77
			Cambodia	24.96	24.35	27.33	33.45	38.16	30.67	30.95	2.80	2.85	2.63	3.12	3.12	3.07	2.74
6204624020	348	women's trousers & breeches other cotton, not knit	World	1772.93	2014.62	2386.99	2352.78	2571.20	2055.06	1174.35							
			BD	40.00	40.32	31.71	46.26	84.01	63.69	71.52	0.78	0.79	0.58	0.87	1.30	1.25	2.06
			China	80.60	97.75	113.75	101.40	335.02	334.69	117.23	0.37	0.33	0.27	0.21	0.48	0.58	0.34
			Vietnam	0.04	39.79	147.86	122.08	161.77	126.97	89.23	0.03	1.63	2.12	1.75	2.14	2.14	2.21
			Cambodia	24.53	57.00	83.47	92.99	99.29	77.31	59.44	1.13	2.11	2.39	2.53	2.21	2.24	2.46
6206303040	341	wmns bls,shrt,cot,w lt 2 clrs in wrp a/o fill	World	614.41	844.46	908.59	847.78	930.96	739.64	490.90							
			BD	80.23	61.60	75.38	81.35	79.57	63.94	32.18	4.54	2.86	3.61	4.24	3.40	3.49	2.21
			China	52.25	63.77	55.88	63.12	201.84	165.15	119.11	0.69	0.52	0.35	0.37	0.80	0.80	0.82

HTS	CAT	Desc.	Cntry.	2001	2002	2003	2004	2005	Jan - Sep		RCA						
									2005		2001	2002	2003	2004	2005	Jan - Sep	
									2005	2006						2005	2006
			Vietnam	0.13	5.53	18.14	12.32	12.90	9.14	7.06	0.32	0.54	0.68	0.49	0.47	0.43	0.42
			Cambodia	10.88	11.03	14.07	23.01	23.02	17.58	8.36	1.44	0.97	1.06	1.74	1.42	1.41	0.83
6203424015	347	men's trousers & breeches other cotton, not knit	World	1516.40	1497.88	1558.94	1521.99	1497.18	1121.58	542.28							
			BD	40.56	24.34	16.79	29.12	61.03	45.73	26.21	0.93	0.64	0.47	0.85	1.62	1.64	1.63
			China	69.07	44.12	39.82	54.00	115.91	115.59	37.65	0.37	0.20	0.15	0.18	0.28	0.37	0.23
			Vietnam	0.19	23.12	72.34	41.90	32.36	22.41	20.90	0.19	1.27	1.59	0.93	0.74	0.69	1.12
			Cambodia	22.02	25.58	25.98	27.78	32.62	20.50	10.95	1.18	1.27	1.14	1.17	1.25	1.09	0.98
6505902060	359	hats&oth hdgear(ex babies)not kn,t,cot&hnd- lm&flklr	World	391.38	357.19	376.43	440.13	425.11	334.99	335.43							
			BD	111.29	75.32	57.72	61.85	59.27	48.80	45.59	9.89	8.28	6.68	6.21	5.55	5.87	4.59
			China	90.19	175.05	229.44	280.85	287.17	223.60	240.32	1.86	3.38	3.48	3.16	2.49	2.38	2.42
			Vietnam	0.15	2.15	4.50	11.52	14.86	11.09	13.78	0.61	0.50	0.41	0.88	1.19	1.15	1.20
			Cambodia	6.83	7.53	5.26	7.04	5.80	5.17	2.50	1.42	1.57	0.95	1.03	0.78	0.92	0.36
6201933000	634	m/b garments water resistant; mmf, not knit	World	846.42	721.79	714.58	645.92	674.29	494.48	492.24							
			BD	69.51	59.22	61.56	53.43	54.03	40.62	35.49	2.86	3.22	3.75	3.66	3.19	3.31	2.43
			China	127.74	104.38	109.58	97.58	285.09	202.57	247.53	1.22	1.00	0.88	0.75	1.56	1.46	1.70
			Vietnam	0.12	48.12	114.09	191.13	147.63	106.86	107.34	0.23	5.50	5.46	9.98	7.46	7.50	6.35
			Cambodia	17.32	15.99	16.79	10.02	18.14	12.41	7.42	1.67	1.65	1.60	0.99	1.54	1.49	0.73
6110202065	338	m/b other apparel of cotton, knit	World	1850.63	1897.84	2103.40	2195.39	2399.49	1771.79	0.00							
			BD	52.54	37.15	38.78	28.16	51.98	38.79	0.00	0.99	0.77	0.80	0.57	0.86	0.88	
			China	54.50	50.24	56.16	49.57	91.44	91.15	0.00	0.24	0.18	0.15	0.11	0.14	0.18	
			Vietnam	3.44	49.37	109.75	107.21	93.05	67.35	0.00	2.89	2.15	1.78	1.65	1.32	1.32	
			Cambodia	51.95	39.18	41.35	39.58	65.53	40.79	0.00	2.29	1.54	1.34	1.16	1.57	1.37	
6203424045	347	boys' trouser etc ot cotton nt	World	250.08	296.72	387.61	384.75	367.58	268.51	259.63							
			BD	17.11	15.77	12.78	23.46	43.37	29.67	17.38	2.38	2.09	1.44	2.69	4.70	4.46	2.26

HTS	CAT	Desc.	Cntry.	2001	2002	2003	2004	2005	Jan - Sep		RCA						
									2005		2001	2002	2003	2004	2005	Jan - Sep	
									2005	2006						2005	2006
		playsuit pt, nt kt	China	10.69	7.10	2.60	1.45	33.27	33.20	3.18	0.34	0.17	0.04	0.02	0.33	0.44	0.04
			Vietnam	0.04	12.66	39.33	26.59	30.69	23.61	7.31	0.25	3.52	3.47	2.33	2.85	3.05	0.82
			Cambodia	13.82	13.59	11.01	7.73	6.38	3.88	1.19	4.51	3.42	1.94	1.29	1.00	0.86	0.22
			World	462.69	515.22	513.44	574.33	547.10	399.45	433.34							
6108210010	352	women's briefs and panties of cotton, knit	BD	45.41	39.83	41.20	39.25	39.81	30.14	30.37	3.41	3.03	3.49	3.02	2.90	3.04	2.37
			China	3.07	1.61	2.09	2.94	26.28	26.21	7.91	0.05	0.02	0.02	0.03	0.18	0.23	0.06
			Vietnam	0.00	0.43	0.86	0.23	0.88	0.49	1.45	0.01	0.07	0.06	0.01	0.05	0.04	0.10
			Cambodia	0.88	3.95	3.13	2.15	2.58	1.53	10.19	0.16	0.57	0.42	0.24	0.27	0.23	1.15
			World	2773.74	3163.97	3422.31	3794.48	4014.94	2999.66	0.00							
6110202075	339	w/g other apparel of cotton, knit	BD	20.50	35.17	28.38	35.45	39.37	31.55	0.00	0.26	0.44	0.36	0.41	0.39	0.42	
			China	80.29	53.90	48.67	69.62	219.70	219.44	0.00	0.23	0.12	0.08	0.09	0.20	0.26	
			Vietnam	3.87	90.59	270.35	255.70	250.50	185.16	0.00	2.16	2.36	2.70	2.27	2.13	2.14	
			Cambodia	85.35	85.93	71.91	98.86	129.34	91.91	0.00	2.51	2.02	1.43	1.67	1.85	1.82	
			World	173.14	161.08	154.74	164.88	173.11	131.56	146.12							
6505908090	659	not knit or crocheted mmf hdgr, not part brd: nesoi	BD	45.28	36.78	24.99	35.46	37.43	28.97	31.29	9.09	8.96	7.03	9.50	8.61	8.88	7.23
			China	34.41	26.79	25.40	25.57	61.47	44.03	63.45	1.60	1.15	0.94	0.77	1.31	1.20	1.47
			Vietnam	0.05	17.20	24.11	33.64	35.09	26.23	30.84	0.42	8.81	5.33	6.88	6.91	6.92	6.14
			Cambodia	6.40	6.78	3.89	2.32	1.68	1.54	0.31	3.02	3.14	1.72	0.90	0.56	0.70	0.10
			World	1368.00	1546.16	1525.19	1786.14	2092.94	1615.55	596.08							
6204624010	348	women's trousers & breeches cot blue denim, nt kt	BD	19.82	21.36	11.32	14.03	34.79	25.19	21.89	0.50	0.54	0.32	0.35	0.66	0.63	1.24
			China	27.34	60.10	31.72	27.36	149.10	148.90	29.54	0.16	0.27	0.12	0.08	0.26	0.33	0.17
			Vietnam	0.12	20.68	40.15	27.87	36.41	26.19	12.65	0.13	1.10	0.90	0.53	0.59	0.56	0.62
			Cambodia	27.81	43.94	90.10	94.67	116.71	82.49	27.67	1.66	2.12	4.03	3.40	3.20	3.04	2.26

HTS	CAT	Desc.	Cntry.	2001	2002	2003	2004	2005	Jan - Sep		RCA						
									2005		2001	2002	2003	2004	2005	Jan - Sep	
									2005	2006						2005	2006
6205202060	340	boys' shrt cot w gt=2 clr wrp n/np n/imp plyst pt	World	76.37	68.58	66.76	62.61	92.93	71.63	34.19							
			BD	18.95	14.36	16.14	22.39	31.73	24.69	12.28	8.63	8.22	10.53	15.80	13.60	13.90	12.12
			China	1.11	1.30	0.65	0.83	6.96	6.96	0.69	0.12	0.13	0.06	0.07	0.28	0.35	0.07
			Vietnam	0.01	0.76	2.13	1.87	1.58	1.43	0.88	0.13	0.92	1.09	1.01	0.58	0.69	0.75
			Cambodia	0.09	0.47	0.90	0.53	1.48	0.45	0.70	0.10	0.51	0.92	0.54	0.91	0.38	1.00
Total			World	14126.55	14920.30	16099.25	17049.72	18262.49	13975.37	5624.39							
			BD	772.34	649.12	620.14	713.24	930.82	704.89	516.25							
			China	707.19	771.93	783.32	861.24	2059.01	1856.63	938.31							
			Vietnam	13.50	336.20	951.08	944.41	933.11	698.73	347.95							
			Cambodia	321.92	359.91	427.41	480.76	577.56	412.44	170.49							
Total Apparels Export to USA			World	77697.42	79144.98	85418.82	92508.53	99016.70	75162.72	77622.88							
			BD	2234.93	2016.62	1962.16	2093.29	2486.14	1863.91	2299.08							
			China	9629.01	11475.59	14944.19	18682.13	26915.06	21051.96	23000.38							
			Vietnam	50.02	958.93	2497.78	2743.49	2904.25	2166.68	2667.55							
			Cambodia	952.78	1061.58	1251.58	1442.41	1727.08	1263.27	1594.24							

Source: Analyzed on the basis of CPD Trade Database

Table D: Export of 21 Categories of Product to the US Restricted by the US-China MoU (BD-China Comparison)

(Million USD)

CAT	Description									Growth (%)				
			2001	2002	2003	2004	2005	Jan - Sep		2002	2003	2004	2005	Jan - Sep
								2005	2006					2006
200/301	Sewing thread/combed cot yarn	World	210.45	239.21	277.33	415.69	414.55	322.62	292.17	13.67	15.94	49.89	-0.27	-9.44
		BD												
		China	7.90	7.84	9.01	16.40	28.31	19.13	14.23	-0.66	14.81	82.04	72.67	-25.62
222	Knit fabric	World	748.83	818.83	784.61	742.87	746.17	546.05	560.99	9.35	-4.18	-5.32	0.44	2.74
		BD	0.03	0.02	0.00	0.01	0.00	0.00	0.32	-35.89				
		China	0.34	31.55	42.87	46.34	73.55	48.92	46.60	9178.62	35.89	8.09	58.72	-4.75
229	special purpose fabric	World	637.35	721.99	779.02	878.68	972.83	727.96	681.04	13.28	7.90	12.79	10.72	-6.45
		BD	0.06	0.02	0.01	0.00	0.00	0.00	0.02	-64.20	-63.96			3799.05
		China	10.57	34.76	63.27	122.26	174.22	132.39	84.00	228.85	82.03	93.25	42.50	-36.55
332/432/632	Hoisery Items and baby socks	World	869.67	978.12	1029.88	1246.02	1317.78	959.42	1024.48	12.47	5.29	20.99	5.76	6.78
		BD	0.02	0.26	0.20	0.27	0.63	0.33	0.58	1141.92	-23.42	34.29	137.07	77.41
		China	8.88	30.39	95.44	237.51	223.57	151.65	161.55	242.30	214.05	148.85	-5.87	6.53
338/339	cot knit shirts	World	9281.40	9912.48	10848.01	11278.25	12382.33	9372.73	10325.76	6.80	9.44	3.97	9.79	10.17
		BD	112.17	114.66	105.95	105.77	187.59	137.79	218.09	2.22	-7.59	-0.18	77.36	58.28
		China	211.98	205.53	197.84	216.47	635.65	633.72	631.69	-3.04	-3.74	9.42	193.64	-0.32
340/640	MB woven shirts	World	2837.07	2561.26	2729.57	3049.79	3282.02	2529.61	2223.97	-9.72	6.57	11.73	7.61	-12.08
		BD	258.46	225.85	261.85	305.03	381.46	274.92	302.88	-12.62	15.94	16.49	25.06	10.17
		China	151.59	154.55	136.00	160.63	295.45	294.45	174.45	1.96	-12.00	18.11	83.93	-40.75
345/645/646	sweaters	World	1609.13	1468.84	1293.11	1141.55	1302.69	911.87	817.54	-8.72	-11.96	-11.72	14.12	-10.35
		BD	101.25	97.52	63.69	49.01	53.15	35.66	41.98	-3.69	-34.69	-23.04	8.45	17.73
		China	122.07	100.66	90.28	101.28	448.67	394.04	215.94	-17.54	-10.32	12.19	343.01	-45.20
347/348	cot trousers	World	9726.25	10404.74	11376.20	11355.60	12158.55	9481.58	9441.35	6.98	9.34	-0.18	7.07	-0.42
		BD	260.83	262.62	212.89	295.59	524.51	389.86	680.87	0.69	-18.94	38.85	77.44	74.64

CAT	Description									Growth (%)				
			2001	2002	2003	2004	2005	Jan - Sep		2002	2003	2004	2005	Jan - Sep
								2005	2006					2006
		China	296.43	315.05	280.22	271.88	1066.86	1065.11	802.71	6.28	-11.06	-2.98	292.40	-24.64
349/649	women's intimatewear	World	1384.79	1601.40	1529.69	1763.61	1783.15	1335.20	1520.97	15.64	-4.48	15.29	1.11	13.91
		BD	15.56	24.50	14.69	23.97	16.05	11.14	29.11	57.41	-40.06	63.25	-33.06	161.29
		China	120.17	289.81	419.70	446.76	516.47	409.49	485.19	141.17	44.82	6.45	15.60	18.48
352/652	intimatewear	World	2869.82	3078.16	3146.10	3310.43	3335.85	2486.56	2438.50	7.26	2.21	5.22	0.77	-1.93
		BD	105.85	118.32	132.13	133.93	123.38	88.92	110.18	11.78	11.68	1.36	-7.88	23.91
		China	110.01	103.84	120.13	137.13	218.83	218.41	110.33	-5.60	15.68	14.16	59.58	-49.48
359/659	swimwear	World	2870.90	2659.85	2843.09	3107.44	3356.02	2550.32	2661.25	-7.35	6.89	9.30	8.00	4.35
		BD	326.28	239.96	198.23	218.34	204.15	169.24	165.17	-26.46	-17.39	10.14	-6.50	-2.41
		China	305.26	470.15	603.69	744.13	1227.50	903.63	1044.67	54.02	28.40	23.26	64.96	15.61
363	pile towels	World	537.18	636.17	721.20	871.66	1098.48	841.13	885.04	18.43	13.37	20.86	26.02	5.22
		BD	14.61	17.66	29.86	35.38	26.45	20.66	23.43	20.90	69.06	18.48	-25.26	13.39
		China	59.48	69.32	66.61	70.81	176.07	142.34	162.00	16.55	-3.91	6.31	148.64	13.81
666	window blinds/shades	World	694.45	1143.97	1547.58	1975.16	2149.93	1568.29	1699.94	64.73	35.28	27.63	8.85	8.39
		BD	0.81	1.05	0.68	0.67	1.77	1.30	0.84	29.96	-35.77	-1.57	165.77	-35.81
		China	69.20	346.04	805.52	1209.32	1469.61	1058.40	1219.66	400.05	132.78	50.13	21.52	15.24
443	wool suits, MB	World	452.30	467.06	558.45	548.75	584.64	451.53	402.16	3.26	19.57	-1.74	6.54	-10.93
		BD	0.80	0.90	1.28	4.46	5.97	4.61	3.76	12.72	41.82	247.89	33.89	-18.52
		China	3.67	5.03	5.80	5.20	52.53	37.60	38.47	37.07	15.37	-10.32	909.66	2.32
447	wool trousers, MB	World	293.10	297.04	310.88	326.84	348.43	268.08	245.85	1.35	4.66	5.13	6.61	-8.29
		BD	0.46	1.01	0.80	5.21	3.01	2.56	1.34	120.87	-20.68	552.82	-42.31	-47.60
		China	9.09	11.48	13.98	10.77	27.88	22.44	17.45	26.20	21.86	-23.01	158.98	-22.26
619	polyster filament	World	244.23	252.15	231.40	241.74	246.76	192.59	150.62	3.24	-8.23	4.47	2.08	-21.79
		BD												

CAT	Description									Growth (%)				
			2001	2002	2003	2004	2005	Jan - Sep		2002	2003	2004	2005	Jan - Sep
								2005	2006					
		China	3.79	3.46	2.90	3.09	29.70	22.30	10.67	-8.56	-16.27	6.69	860.57	-52.16
620	pther syn. Filaments	World	258.01	248.37	239.80	267.13	326.91	249.45	250.37	-3.74	-3.45	11.40	22.38	0.37
		BD												
		China	5.85	8.98	6.57	11.64	42.20	34.29	13.95	53.63	-26.83	77.15	262.48	-59.33
622	lass fabric	World	89.84	91.08	83.55	87.37	90.92	67.57	75.70	1.38	-8.26	4.56	4.07	12.04
		BD												
		China	3.58	6.20	7.46	12.61	13.93	11.10	9.13	72.94	20.34	69.14	10.46	-17.80
638/639	mmf knit shirts	World	3382.61	3560.18	3642.71	3889.20	3811.99	2885.26	2900.11	5.25	2.32	6.77	-1.99	0.51
		BD	72.25	67.64	81.96	82.79	57.03	39.24	30.20	-6.38	21.18	1.01	-31.12	-23.03
		China	252.09	204.17	188.27	235.14	433.35	432.30	452.02	-19.01	-7.79	24.89	84.29	4.56
647/648	mmf trousers	World	3547.54	3307.65	3452.88	3529.13	3439.10	2662.22	2680.84	-6.76	4.39	2.21	-2.55	0.70
		BD	122.86	114.61	121.98	130.38	138.35	99.98	122.43	-6.71	6.43	6.88	6.12	22.46
		China	265.65	284.95	297.33	287.71	424.49	421.59	350.80	7.27	4.34	-3.23	47.54	-16.79
847	sbvf trousers	World	304.51	336.53	723.56	1179.80	1033.79	810.62	908.24	10.51	115.01	63.06	-12.38	12.04
		BD	22.81	16.04	14.92	7.92	3.15	2.70	5.96	-29.69	-6.96	-46.90	-60.27	120.87
		China	89.89	160.70	559.91	1034.86	919.48	710.43	781.79	78.77	248.42	84.83	-11.15	10.04
Total		World	42849.43	44785.07	48148.62	51206.71	54182.89	41220.65	42186.89	4.52	7.51	6.35	5.81	2.34
		BD	1415.09	1302.63	1241.12	1398.73	1726.65	1278.91	1737.16	-7.95	-4.72	12.70	23.44	35.83
		China	2107.47	2844.47	4012.79	5381.96	8498.31	7163.73	6827.29	34.97	41.07	34.12	57.90	-4.70
Total Export from the World		World	70239.76	72183.13	77434.04	83310.44	89205.50	67722.16	69981.24	2.77	7.27	7.59	7.08	3.34
		BD	2204.99	1989.74	1939.36	2065.55	2456.93	1839.56	2276.35	-9.76	-2.53	6.51	18.95	23.74
		China	6536.32	8744.04	11608.83	14558.08	22405.22	17589.38	19473.59	33.78	32.76	25.41	53.90	10.71
Share (%)		World	61.00	62.04	62.18	61.46	60.74	60.87	60.28					
		BD	64.18	65.47	64.00	67.72	70.28	69.52	76.31					
		China	32.24	32.53	34.57	36.97	37.93	40.73	35.06					

Source: Analyzed on the basis of CPD Trade Database

Table E: Export of 21 Categories of Product to the US Restricted by the US-China MoU (BD-China Comparison)*(Million Units)*

CAT	Description	Units									Growth (%)				
				2001	2002	2003	2004	2005	Jan - Sep		2002	2003	2004	2005	Jan - Sep 2006
									2005	2006					
200/301	Sewing thread/combed cot yarn	Kg.	World	46.77	59.45	66.60	85.21	91.08	68.82	68.86	27.12	12.03	27.95	6.88	0.05
			BD												
			China	2.23	2.11	2.42	3.07	6.95	4.69	2.94	-5.64	14.77	26.88	126.71	-37.28
222	Knit fabric	Kg.	World	105.70	140.62	138.88	134.72	137.92	100.81	101.85	33.03	-1.24	-3.00	2.38	1.03
			BD	0.01	0.00	0.00	0.00	0.00	0.00	0.06	-27.71	-100.00	#DIV/0!	-100.00	#DIV/0!
			China	0.03	7.01	9.49	10.62	18.13	11.90	8.30	21975.67	35.39	11.88	70.71	-30.26
229	special purpose fabric	Kg.	World	94.71	119.14	135.05	152.34	158.74	117.15	105.13	25.80	13.35	12.80	4.20	-10.26
			BD	0.00	0.00	0.00	0.00	0.00	0.00	0.00	654.97	-73.18	-100.00		9833.33
			China	0.52	3.82	9.52	19.15	29.00	21.50	9.90	637.82	149.02	101.24	51.42	-53.97
332/432/632	Hoisery Items and baby socks	Dpr	World	113.23	142.54	167.82	219.89	238.55	172.01	186.59	25.88	17.74	31.02	8.49	8.48
			BD	0.00	0.06	0.06	0.08	0.22	0.12	0.17	1584.98	-8.89	30.21	192.09	45.72
			China	0.99	6.21	23.95	59.90	63.34	42.17	33.90	527.59	285.33	150.13	5.75	-19.60
338/339	cot knit shirts	Doz	World	234.26	265.16	309.04	322.21	372.19	283.92	308.50	13.19	16.55	4.26	15.51	8.66
			BD	2.25	2.57	2.47	2.70	7.34	5.34	9.03	14.05	-4.08	9.62	171.52	69.06
			China	2.64	2.85	2.60	2.82	20.63	20.58	11.57	7.93	-8.64	8.23	632.50	-43.77
340/640	MB woven shirts	Doz	World	39.38	38.15	40.29	43.40	47.71	37.01	32.37	-3.11	5.59	7.71	9.95	-12.53
			BD	4.42	4.24	5.22	6.10	7.76	5.54	6.41	-4.17	23.30	16.73	27.18	15.62
			China	2.40	2.54	2.24	2.47	6.17	6.16	2.77	5.67	-11.69	10.18	149.73	-55.04
345/645/646	sweaters	Doz	World	18.58	18.32	16.99	15.26	18.50	13.46	10.98	-1.41	-7.27	-10.18	21.25	-18.39
			BD	1.69	1.59	1.20	1.18	1.45	0.97	1.13	-6.00	-24.23	-2.38	23.20	15.67
			China	1.07	0.94	0.98	1.07	7.85	6.81	3.15	-12.32	4.50	9.13	631.51	-53.71
347/348	cot trousers	Doz	World	126.98	140.31	154.90	149.31	167.86	132.57	133.77	10.49	10.40	-3.61	12.42	0.91
			BD	3.52	4.35	3.32	4.26	9.37	6.92	12.44	23.42	-23.75	28.57	119.82	79.83

CAT	Description	Units									Growth (%)				
				2001	2002	2003	2004	2005	Jan - Sep		2002	2003	2004	2005	Jan - Sep
									2005	2006					2006
			China	2.61	2.79	2.48	2.18	18.37	18.34	10.45	6.92	-11.18	-11.78	741.10	-43.03
349/649	women's intimatewear	Doz	World	36.90	44.64	44.25	50.35	49.52	37.81	36.62	20.97	-0.87	13.78	-1.65	-3.14
			BD	1.13	1.68	1.00	1.48	0.96	0.70	1.71	49.15	-40.33	47.23	-34.93	144.93
			China	3.19	10.58	16.06	17.73	20.71	16.23	12.67	232.17	51.76	10.45	16.76	-21.93
352/652	intimatewear	Doz	World	220.92	242.40	255.98	268.29	276.46	207.69	201.57	9.72	5.60	4.81	3.05	-2.95
			BD	14.10	15.54	17.07	16.69	14.82	10.94	12.97	10.20	9.83	-2.26	-11.20	18.47
			China	5.39	4.45	5.39	5.21	18.16	18.11	6.69	-17.56	21.31	-3.37	248.52	-63.08
359/659	swimwear	Kg.	World	145.48	145.20	156.98	172.86	196.21	147.63	153.62	-0.19	8.11	10.12	13.50	4.05
			BD	24.97	18.83	15.57	15.63	14.42	12.01	10.62	-24.58	-17.34	0.36	-7.74	-11.59
			China	11.75	26.00	35.35	46.11	87.45	63.35	73.07	121.18	35.99	30.42	89.67	15.34
363	pile towels	No.	World	356.38	395.71	425.36	477.14	648.46	492.13	510.01	11.03	7.49	12.17	35.91	3.63
			BD	32.99	41.28	52.55	47.49	36.56	28.87	29.47	25.15	27.30	-9.63	-23.02	2.08
			China	25.09	25.88	22.33	21.48	87.84	68.18	63.03	3.16	-13.73	-3.80	309.01	-7.56
666	window blinds/shades	Kg.	World	79.96	167.13	252.02	328.01	353.92	255.77	271.26	109.01	50.79	30.15	7.90	6.06
			BD	0.14	0.18	0.13	0.11	0.30	0.22	0.11	23.48	-23.74	-19.80	178.13	-47.65
			China	4.49	53.47	145.59	218.62	261.58	186.18	215.70	1092.16	172.30	50.16	19.65	15.85
443	wool suits, MB	No.	World	5.47	5.90	6.87	6.71	7.92	6.05	4.98	7.90	16.47	-2.29	18.06	-17.61
			BD	0.02	0.02	0.03	0.10	0.13	0.10	0.08	34.03	24.67	258.00	23.29	-14.44
			China	0.12	0.16	0.14	0.15	1.61	1.10	0.98	38.96	-10.30	6.15	957.76	-11.17
447	wool trousers, MB	Doz	World	1.17	1.28	1.37	1.33	1.52	1.17	1.02	9.04	6.90	-2.55	14.39	-12.81
			BD	0.00	0.01	0.00	0.03	0.02	0.02	0.01	131.30	-12.44	603.57	-47.35	-10.52
			China	0.05	0.08	0.12	0.07	0.20	0.16	0.11	49.50	63.18	-45.76	205.53	-34.87
619	polyester filament	Sqm	World	261.09	294.23	279.74	340.47	349.22	255.89	195.13	12.69	-4.93	21.71	2.57	-23.75
			BD												

CAT	Description	Units									Growth (%)				
				2001	2002	2003	2004	2005	Jan - Sep		2002	2003	2004	2005	Jan - Sep
									2005	2006					2006
			China	3.58	3.36	7.81	3.88	60.35	44.66	20.28	-6.10	132.46	-50.28	1454.41	-54.59
620	pther syn. Filaments	Sqm	World	283.90	293.97	253.21	284.03	520.02	394.77	470.02	3.55	-13.87	12.17	83.09	19.06
			BD												
			China	4.67	6.86	4.47	5.90	81.66	64.49	10.28	47.03	-34.80	31.81	1285.15	-84.07
622	lass fabric	Sqm	World	95.84	101.87	84.45	83.35	89.95	67.88	61.19	6.28	-17.09	-1.31	7.92	-9.85
			BD												
			China	1.26	4.22	6.47	16.02	30.30	23.57	12.00	234.21	53.10	147.69	89.19	-49.09
638/639	mmf knit shirts	Doz	World	78.99	81.12	82.03	86.06	88.94	67.06	66.43	2.69	1.12	4.92	3.34	-0.93
			BD	1.93	2.09	2.57	2.73	1.75	1.31	0.99	7.99	23.02	6.16	-35.64	-24.94
			China	3.31	2.61	2.44	2.93	9.36	9.33	8.53	-21.15	-6.39	19.88	219.88	-8.65
647/648	mmf trousers	Doz	World	56.80	57.77	60.03	61.51	61.14	47.86	45.73	1.71	3.90	2.46	-0.59	-4.46
			BD	2.41	2.73	2.86	3.29	3.58	2.68	3.20	13.19	4.82	15.01	8.98	19.33
			China	2.33	3.37	3.22	2.85	7.55	7.52	4.14	44.21	-4.35	-11.44	164.74	-44.89
847	sbvf trousers	Doz	World	3.55	4.48	11.31	19.78	17.03	13.19	13.21	26.23	152.21	74.99	-13.92	0.16
			BD	0.41	0.40	0.40	0.23	0.09	0.07	0.10	-1.86	1.47	-43.46	-60.49	37.30
			China	0.93	2.18	8.90	17.62	15.72	12.05	11.90	133.56	308.63	98.07	-10.79	-1.26

Source: Analyzed on the basis of CPD Trade Database

Table F: Export of 21 Categories of Product to the US Restricted by the US-China MoU (BD-China Comparison)

(USD/Unit)

CAT	Description	Units									Growth (%)				
				2001	2002	2003	2004	2005	Jan - Sep		2002	2003	2004	2005	Jan - Sep
									2005	2006					
200/301	Sewing thread/combed cot yarn	Kg.	World	4.50	4.02	4.16	4.88	4.55	4.69	4.24	-10.59	3.49	17.15	-6.70	-9.48
			BD												
			China	3.54	3.73	3.73	5.35	4.07	4.08	4.84	5.28	0.03	43.48	-23.84	18.59
222	Knit fabric	Kg.	World	7.08	5.82	5.65	5.51	5.41	5.42	5.51	-17.80	-2.98	-2.39	-1.89	1.69
			BD	4.58	4.07		7.50			5.05	-11.31	-100.00		-100.00	
			China	10.71	4.50	4.52	4.36	4.06	4.11	5.61	-57.97	0.37	-3.39	-7.02	36.58
229	special purpose fabric	Kg.	World	6.73	6.06	5.77	5.77	6.13	6.21	6.48	-9.95	-4.81	-0.01	6.25	4.25
			BD	185.28	8.79	11.81		70.00	70.00	27.48	-95.26	34.38	-100.00	#DIV/0!	-60.75
			China	20.41	9.10	6.65	6.38	6.01	6.16	8.49	-55.43	-26.90	-3.97	-5.89	37.84
332/432/632	Hoisery Items and baby socks	Dpr	World	7.68	6.86	6.14	5.67	5.52	5.58	5.49	-10.65	-10.57	-7.66	-2.52	-1.56
			BD	5.57	4.11	3.45	3.56	2.89	2.74	3.34	-26.29	-15.95	3.14	-18.84	21.75
			China	8.97	4.89	3.99	3.97	3.53	3.60	4.77	-45.46	-18.50	-0.51	-10.99	32.50
338/339	cot knit shirts	Doz	World	39.62	37.38	35.10	35.00	33.27	33.01	33.47	-5.65	-6.10	-0.28	-4.95	1.39
			BD	49.75	44.59	42.95	39.12	25.55	25.80	24.15	-10.37	-3.66	-8.94	-34.68	-6.38
			China	80.33	72.16	76.03	76.87	30.82	30.80	54.59	-10.17	5.37	1.10	-59.91	77.26
340/640	MB woven shirts	Doz	World	72.04	67.13	67.75	70.28	68.78	68.35	68.70	-6.82	0.93	3.73	-2.13	0.51
			BD	58.46	53.31	50.12	50.02	49.19	49.60	47.26	-8.82	-5.97	-0.21	-1.67	-4.71
			China	63.06	60.85	60.63	65.00	47.87	47.83	63.03	-3.51	-0.35	7.19	-26.35	31.78
345/645/646	sweaters	Doz	World	86.59	80.18	76.12	74.81	70.41	67.77	74.45	-7.41	-5.06	-1.71	-5.88	9.86

CAT	Description	Units		2001	2002	2003	2004	2005	Jan - Sep		Growth (%)				
									2005	2006	2002	2003	2004	2005	Jan - Sep
									2006						
			BD	59.88	61.35	52.88	41.69	36.70	36.64	37.29	2.46	-13.81	-21.16	-11.97	1.78
			China	113.74	106.98	91.81	94.37	57.15	57.90	68.54	-5.95	-14.18	2.80	-39.44	18.38
347/348	cot trousers	Doz	World	76.59	74.16	73.44	76.05	72.43	71.52	70.58	-3.18	-0.97	3.56	-4.76	-1.32
			BD	74.01	60.38	64.19	69.32	55.96	56.37	54.74	-18.42	6.31	7.99	-19.28	-2.89
			China	113.70	113.03	113.18	124.48	58.08	58.07	76.83	-0.59	0.14	9.98	-53.35	32.30
349/649	women's intimatewear	Doz	World	37.53	35.87	34.57	35.03	36.01	35.32	41.54	-4.40	-3.64	1.33	2.80	17.61
			BD	13.79	14.55	14.62	16.21	16.68	15.98	17.05	5.54	0.45	10.88	2.89	6.68
			China	37.73	27.39	26.14	25.19	24.94	25.23	38.29	-27.40	-4.57	-3.63	-0.99	51.76
352/652	intimatewear	Doz	World	12.99	12.70	12.29	12.34	12.07	11.97	12.10	-2.25	-3.21	0.40	-2.21	1.04
			BD	7.51	7.61	7.74	8.03	8.33	8.12	8.50	1.43	1.68	3.70	3.74	4.59
			China	20.40	23.35	22.27	26.31	12.05	12.06	16.50	14.50	-4.64	18.13	-54.21	36.83
359/659	swimwear	Kg.	World	19.73	18.32	18.11	17.98	17.10	17.27	17.32	-7.17	-1.13	-0.74	-4.85	0.29
			BD	13.06	12.74	12.73	13.97	14.16	14.09	15.56	-2.48	-0.06	9.75	1.35	10.38
			China	25.97	18.09	17.08	16.14	14.04	14.26	14.30	-30.37	-5.58	-5.49	-13.03	0.23
363	pile towels	No.	World	1.51	1.61	1.70	1.83	1.69	1.71	1.74	6.66	5.46	7.75	-7.27	1.53
			BD	0.44	0.43	0.57	0.75	0.72	0.72	0.79	-3.40	32.80	31.11	-2.91	11.08
			China	2.37	2.68	2.98	3.30	2.00	2.09	2.57	12.98	11.38	10.52	-39.21	23.12
666	window blinds/shades	Kg.	World	8.68	6.84	6.14	6.02	6.07	6.13	6.27	-21.18	-10.29	-1.94	0.88	2.20
			BD	5.66	5.96	5.02	6.16	5.88	6.04	7.40	5.25	-15.77	22.73	-4.45	22.61
			China	15.43	6.47	5.53	5.53	5.62	5.68	5.65	-58.06	-14.51	-0.02	1.57	-0.53

CAT	Description	Units		2001	2002	2003	2004	2005	Jan - Sep		Growth (%)				
									2005	2006	2002	2003	2004	2005	Jan - Sep 2006
443	wool suits, MB	No.	World	82.76	79.20	81.31	81.77	73.79	74.68	80.73	-4.29	2.66	0.57	-9.76	8.10
			BD	46.59	39.18	44.57	43.31	47.03	47.30	45.04	-15.90	13.76	-2.83	8.59	-4.77
			China	31.82	31.39	40.37	34.11	32.56	34.05	39.22	-1.36	28.62	-15.52	-4.55	15.19
447	wool trousers, MB	Doz	World	250.29	232.63	227.75	245.70	228.99	228.88	240.75	-7.06	-2.10	7.88	-6.80	5.19
			BD	194.83	186.05	168.54	156.39	171.36	166.76	97.66	-4.51	-9.41	-7.21	9.57	-41.44
			China	180.79	152.62	113.97	161.78	137.13	136.50	162.92	-15.58	-25.32	41.94	-15.24	19.36
619	polyster filament	Sqm	World	0.94	0.86	0.83	0.71	0.71	0.75	0.77	-8.39	-3.47	-14.17	-0.48	2.56
			BD												
			China	1.06	1.03	0.37	0.80	0.49	0.50	0.53	-2.63	-63.98	114.59	-38.20	5.35
620	pther syn. Filaments	Sqm	World	0.91	0.84	0.95	0.94	0.63	0.63	0.53	-7.03	12.09	-0.69	-33.16	-15.70
			BD												
			China	1.25	1.31	1.47	1.97	0.52	0.53	1.36	4.49	12.23	34.40	-73.83	155.25
622	lass fabric	Sqm	World	0.94	0.89	0.99	1.05	1.01	1.00	1.24	-4.62	10.65	5.95	-3.57	24.28
			BD												
			China	2.84	1.47	1.15	0.79	0.46	0.47	0.76	-48.25	-21.40	-31.71	-41.61	61.44
638/639	mmf knit shirts	Doz	World	42.82	43.89	44.41	45.19	42.86	43.03	43.65	2.49	1.18	1.76	-5.16	1.46
			BD	37.38	32.41	31.92	30.37	32.51	29.85	30.61	-13.31	-1.49	-4.86	7.02	2.54
			China	76.26	78.33	77.16	80.39	46.31	46.32	53.02	2.71	-1.49	4.18	-42.39	14.47
647/648	mmf trousers	Doz	World	62.46	57.25	57.52	57.38	56.25	55.62	58.62	-8.33	0.47	-0.24	-1.97	5.40
			BD	50.97	42.01	42.65	39.64	38.60	37.27	38.25	-17.58	1.53	-7.06	-2.63	2.62

											Growth (%)				
CAT	Description	Units		2001	2002	2003	2004	2005	Jan - Sep		2002	2003	2004	2005	Jan - Sep 2006
									2005	2006					
			China	113.81	84.66	92.34	100.91	56.23	56.09	84.70	-25.62	9.08	9.27	-44.27	50.99
847	sbvf trousers	Doz	World	85.74	75.07	64.00	59.63	60.70	61.45	68.74	-12.45	-14.75	-6.82	1.80	11.86
			BD	56.29	40.33	36.98	34.74	34.93	36.53	58.77	-28.35	-8.31	-6.08	0.56	60.87
			China	96.43	73.81	62.93	58.72	58.49	58.93	65.68	-23.46	-14.74	-6.69	-0.40	11.44

Source: Analyzed on the basis of CPD Trade Database

Table G: Price Competitiveness – Comparison of Bangladesh’s Top 15 HS Items

(USD/SqM)

HTS	Description	CAT		2001	2002	2003	2004	2005	Jan - Jul	
									2005	2006
6205202050	men's shirts cot w gt=2 clr warp, nt nappd nt knit	340	World	4.18	3.88	3.89	4.19	3.97	3.96	3.76
			BD	3.07	2.81	2.74	2.81	2.76	2.81	2.55
			China	4.76	4.28	4.21	4.69	3.65	3.65	4.15
6205202065	men's cotton shirts nesoi, not knit	340	World	4.15	3.86	3.89	3.96	3.79	3.67	3.72
			BD	3.14	2.88	2.80	2.74	2.69	2.64	2.53
			China	4.11	3.81	4.08	4.21	2.75	2.76	2.75
6203424050	men's shorts of cotton, not knit	347	World	5.10	4.72	4.69	4.84	4.47	4.44	4.57
			BD	5.15	4.20	4.08	4.58	4.15	4.15	3.88
			China	6.91	6.07	5.57	6.36	3.90	3.91	5.15
6204624020	women's trousers & breeches other cotton, not knit	348	World	6.14	5.69	5.69	5.83	5.45	5.30	5.26
			BD	5.63	4.89	4.94	4.80	4.31	4.25	4.06
			China	8.67	8.25	8.24	9.42	4.41	4.42	5.53
6206303040	wmns bls,shrt,cot,w lt 2 clrs in wrp a/o fill	341	World	5.62	5.43	5.56	5.37	5.21	5.02	5.07
			BD	3.73	3.44	3.31	3.31	3.35	3.26	3.21
			China	7.71	8.51	10.16	9.25	5.37	5.43	5.27
6203424015	men's trousers & breeches other cotton, not knit	347	World	6.90	6.57	6.60	6.49	6.20	6.11	6.17
			BD	7.01	5.64	5.79	5.99	4.65	4.89	4.08
			China	8.13	7.57	7.35	7.61	4.68	4.68	6.21
6505902060	hats&oth hdgear(ex babies)not knt,cot&hnd- lm&flklr	359	World	2.34	2.02	1.85	1.76	1.70	1.68	1.80
			BD	1.75	1.78	1.84	1.82	1.77	1.73	2.04
			China	2.78	1.88	1.67	1.61	1.58	1.56	1.67
6201933000	m/b garments water resistant; mmf, not knit	634	World	4.07	3.68	3.69	3.63	3.17	2.95	3.29
			BD	2.90	2.70	2.70	2.69	2.67	2.23	2.40
			China	7.72	7.56	7.40	8.60	3.12	3.01	3.11
6110202065	m/b other apparel of cotton, knit	338	World	6.71	5.92	5.32	5.36	4.88	4.65	0.00
			BD	9.57	7.79	6.96	7.11	4.96	4.92	0.00
			China	18.90	17.34	18.09	18.21	5.88	5.85	0.00
6203424045	boys' trouser etc ot cotton nt playsuit pt, nt kt	347	World	4.10	3.82	3.80	3.98	3.49	3.51	3.31
			BD	4.19	3.45	4.75	4.57	2.92	3.11	2.79
			China	5.81	5.87	5.10	4.45	2.76	2.76	3.29
6108210010	women's briefs and panties of cotton, knit	352	World	1.10	1.11	1.08	1.04	1.02	1.02	1.01
			BD	0.70	0.69	0.70	0.69	0.77	0.76	0.73
			China	1.68	2.53	2.12	1.98	0.90	0.91	1.33
6110202075	w/g other apparel of cotton, knit	339	World	7.54	7.45	7.09	7.00	6.73	6.40	0.00
			BD	8.07	7.67	8.03	6.80	4.98	4.98	0.00
			China	16.78	16.63	16.10	16.38	6.96	6.95	0.00
6505908090	not knit or crocheted mmf hdgr,not part brd: nesoi	659	World	1.36	1.24	1.24	1.28	1.20	1.25	1.24
			BD	1.17	1.25	1.31	1.50	1.62	1.59	1.64
			China	1.44	1.38	1.75	1.90	1.07	1.14	1.09
6204624010	women's trousers & breeches cot blue denim, nt kt	348	World	6.56	6.68	6.83	7.12	7.17	7.04	6.91
			BD	5.74	6.12	5.66	5.10	5.20	5.19	5.08
			China	9.34	9.46	9.94	8.84	5.80	5.81	6.46

6205202060	boys' shrt cot w gt=2 clr wrp n/np n/imp plyst pt	340	World	2.39	2.06	2.05	2.09	1.99	1.97	1.89
			BD	2.20	1.92	1.79	1.83	1.77	1.77	1.69
			China	2.52	2.78	2.92	2.88	1.59	1.58	1.58
Total (15 Items)			World	4.80	4.61	4.56	4.53	4.37	4.28	3.46
			BD	2.50	2.44	2.44	2.55	2.69	2.65	2.58
			China	5.56	4.14	3.60	3.39	3.12	3.39	2.75

Source: Analysis from CPD Trade Database