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## **Report Name:** Cotton and Products Annual

**Country:** Bangladesh

**Post:** Dhaka

**Report Category:** Cotton and Products

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### **Report Highlights:**

For marketing year 2022/2023, Post forecasts cotton production at 155 thousand bales and imports at 8.9 million bales. Indian cotton took 29 percent market share in calendar year (CY) 2021, followed by Brazil, Benin, and the United States. In CY 2021, Bangladesh's ready-made garment exports reached a record high of \$35.81 billion, and the country became the second largest exporter after China. Due to high domestic demand for yarn and fabric, Bangladesh continues to import these products in substantial amounts.

## **Production**

For marketing year (MY) 2022/2023, Post forecasts cotton harvested area at 46 thousand hectares, up 2.2 percent over the MY 2021/2022 USDA official estimate. Harvested area is increasing due to support from the Ministry of Agriculture's Cotton Development Board (CDB) extension service and comparatively higher economic returns. Post's forecast for MY 2022/2023 cotton production is 155 thousand bales, up 2.6 percent over the MY 2021/2022 USDA official estimate, assuming favorable weather conditions and continuous government support.

Post estimates MY 2021/2022 cotton harvested area and production at 45 thousand hectares and 151 thousand bales, respectively, equal to the USDA official estimate.

Domestically produced cotton accounts for less than 2 percent of total cotton consumption. Total cotton cultivation in Bangladesh covers only 0.55 percent of the country's 8.1 million hectares of arable land. Bandarban, Jhenaidah, Jeshore, and Rangamati are the major cotton producing areas of the country. Bangladesh produces numerous varieties of cotton, including *Gossypium hirsutum*, *Gossypium arboreum*, *Gossypium herbaceum*, and *Gossypium barbadense*. American upland cotton is cultivated in the *Rabi* (winter) crop season from July to August and is harvested in December and January. Other varieties are cultivated in the *Kharif* (summer) crop season from March to April and harvested in December and January.

### *Research and Development*

The CDB has introduced Bt cotton in Bangladesh. It is currently undergoing field trials. Please see [Bangladesh Agricultural Biotechnology Annual](#) for more information.

## **Value Added Cotton**

### *Overview of Garment and Textile Industry*

More than 81 percent of Bangladesh's total export earnings come from the ready-made garment (RMG) sector, with Bangladesh exporting a number of different products (Table 1 and Table 2). According to the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), approximately 4.5 million people are working in 4,621 RMG factories (Table 3).

As of December 2021, the U.S. Green Building Council (USGBC) has certified [155 green garment](#) factories in Bangladesh, the highest in the world, with dozens more units in the process of gaining Leadership in Energy and Environmental Design (LEED) certification.

**Table 1: Bangladesh's Apparel Sector Exports**

Fiscal Year	Total Apparel Export (\$ Million)			Total Export (\$ Million)	RMG % of Total Exports
	Woven	Knit	Total		
2010-2011	8432	9482	17914	22924	78
2011-2012	9603	9486	19090	24302	79
2012-2013	11040	10476	21516	27027	80
2013-2014	12442	12050	24492	30187	81
2014-2015	13065	12427	25491	31209	82
2015-2016	14739	13355	28094	34257	82
2016-2017	14393	13757	28150	34656	81
2017-2018	15426	15189	30615	36668	83
2018-2019	17245	16889	34133	40535	84
2019-2020	14041	13908	27949	33674	83
2020-2021	14497	16960	31457	38758	81

Source: BGMEA

**Table 2: Bangladesh's RMG Production, by product**

Fiscal Year	Trousers	T-Shirts & Knitted shirts	Sweaters	Shirts & Blouses	Underwear
2015-16	10167	6893	3182	3076	1173
2016-17	9943	6651	3362	2919	1329
2017-18	10834	7154	3675	2927	1411
2018-19	11755	7902	4256	3190	1640
2019-20	9363	6274	3598	2450	1359
2020-21	10682	7240	4052	2048	1790

Source: BGMEA

**Table 3: Bangladesh's RMG Sector Employment**

Year	Garment Factories (number)	Employment (million workers)
2010-11	5150	3.6
2011-12	5400	4.0
2012-13	5876	4.0
2013-14	4222	4.0
2014-15	4296	4.0
2015-16	4328	4.0
2016-17	4482	4.0
2017-18	4560	4.0
2018-19	4621	4.5
2019-20	4621	4.5

Source: BGMEA and Ministry of Commerce, Bangladesh

The textiles industry in Bangladesh is composed of yarn, fabric, and dyeing-printing-finishing mills. According to the Bangladesh Textile Mills Association (BTMA), in calendar year (CY) 2021, the number of spinning mills reached 510 with an annual spindle capacity of 15 million bales, up 18.0 percent and 7.1 percent, respectively, from the previous year (Table 4). However, Bangladesh is currently only consuming approximately 8.5 million bales of raw cotton annually. Bangladesh's yarn production recovered in CY 2021 following an extended period of market disruption due to COVID-19 induced lockdowns and restrictions in CY 2020. Post forecasts MY 2022/2023 yarn production at 760 thousand MT, up 1.3 percent compared to MY 2021/2022.

In CY 2021, Bangladesh had 901 fabric manufacturing mills, with an annual capacity of 8,350 million metric tons (MT) (Table 5).

**Table 4: Bangladesh's Spinning Capacity and Growth**

Calendar Year	No. of Spinning Mills	Spindle Capacity (Million)	Growth in No. of Mills (%)	Growth in Spindle Capacity (%)
2012	392	10	0.0	2.1
2013	394	10	0.5	0.0
2014	407	10	3.3	5.1
2015	413	11	1.5	7.3
2016	424	12	2.7	5.4
2017	425	12	0.2	6.5
2018	430	13	1.2	6.1
2019	433	13	0.7	2.0
2020	433	14	0.0	4.2
2021	510	15	18.0	7.1

Source: BTMA

**Table 5: Basic Statistics of Textile Sector in Bangladesh, CY 2021**

Items	Unit	Number
Yarn Manufacturing Mills	Number	510
Annual Yarn Spinning Capacity	Million kgs	3,700
Fabric Manufacturing Mills	Number	901
Annual Fabric Manufacturing Capacity	Million MT	8,350
Dyeing-Printing-Finishing Mills	Number	317
Annual Processing Capacity	Million MT	5,000
Total number of Mills under BTMA	Number	1,728
Total Cotton Consumption Capacity	Million bales (480 lb. bale)	15

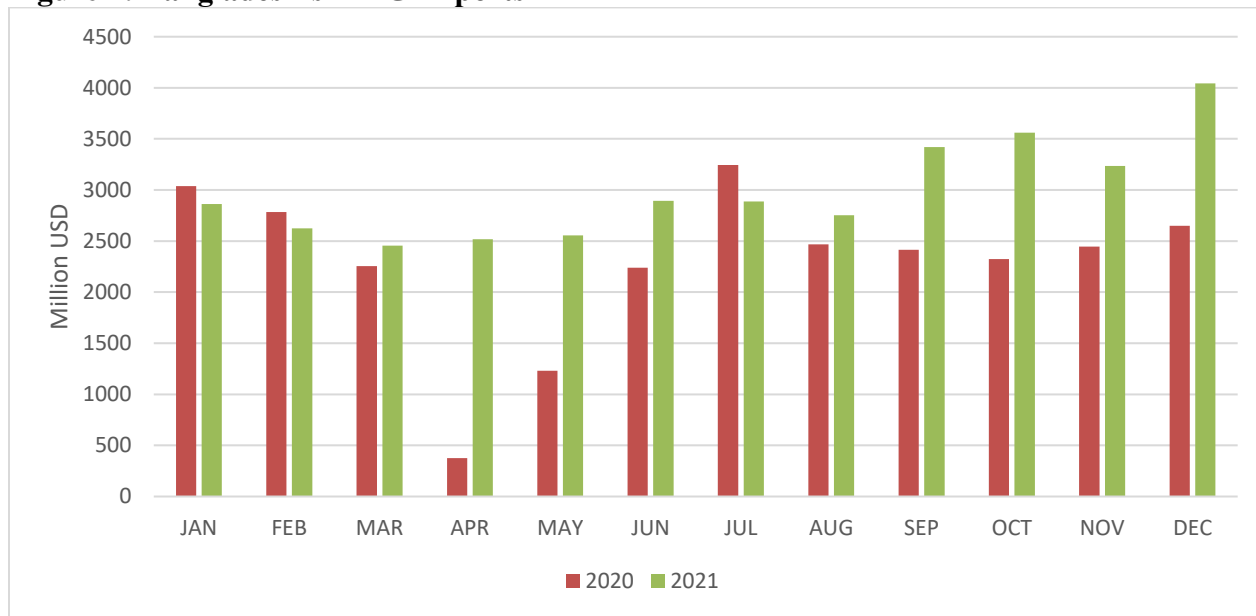
Source: BTMA

### *RMG Exports Hit a Record High*

In CY 2021, Bangladesh's RMG exports hit a record high of \$35.81 billion. Knitwear products exports were \$19.6 billion and woven products were \$16.21 billion, up 37.72 percent and 22.45 percent, respectively, compared to CY 2020. In CY 2021, Bangladesh became the second largest global RMG exporter after China.

The COVID-19 pandemic adversely affected Bangladesh's RMG exports in CY 2020, with the country falling behind Vietnam. Total RMG exports were \$27.45 billion, down approximately 17 percent from the previous year; however, Bangladesh's RMG factories began to see increased orders from Europe and the United States in the second quarter of 2021 as their economies recovered (Figure 1 and Table 6).

**Figure 1: Bangladesh's RMG Exports**



Source: BGMEA; Export Promotion Bureau of Bangladesh

**Table 6: Bangladesh's RMG Exports (USD Million), by product**

Months	Woven	Woven	% Change	Knit	Knit	% Change	Total Exports	Total Exports	% Change
	2019-20	2020-21		2019-20	2020-21		2019-20	2020-21	
July	1632	1495	-8.4	1678	1750	4.3	3310	3245	-2.0
August	1163	1104	-5.1	1243	1365	9.8	2406	2468	2.6
September	1092	1065	-2.5	1249	1349	8.0	2341	2413	3.1
October	1152	986	-14.4	1368	1338	-2.2	2520	2324	-7.8
November	1240	1110	-10.5	1271	1334	5.0	2511	2445	-2.7
December	1539	1261	-18.1	1396	1390	-0.5	2935	2651	-9.7
January	1625	1399	-13.9	1414	1463	3.5	3039	2862	-5.8
February	1506	1273	-15.5	1279	1353	5.8	2784	2625	-5.7
March	1200	1142	-4.8	1056	1312	24.3	2256	2455	8.8
April	195	1175	504.1	180	1342	644.9	375	2517	571.8
May	622	1191	91.4	608	1366	124.6	1231	2557	107.8
June	1075	1297	20.6	1165	1598	37.2	2240	2895	29.2
<b>Total:</b>	14041	14497	3.2	13908	16960	21.9	27949	31457	12.6

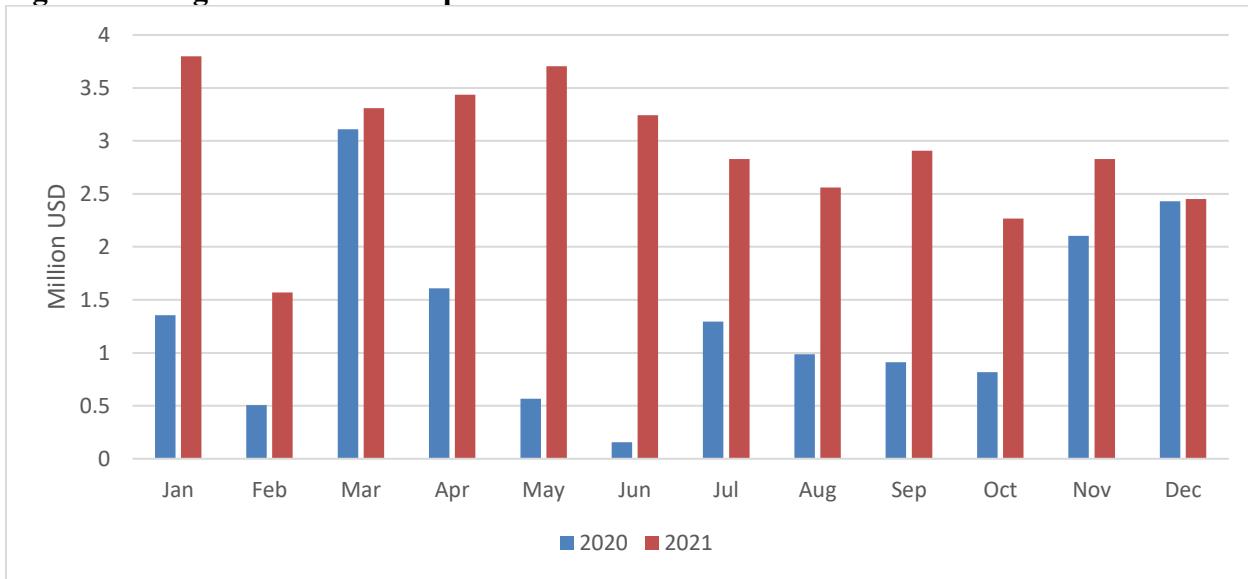
Source: BGMEA

The garment industry in Bangladesh is currently fully operational. The Government of Bangladesh has removed all restrictions that were imposed earlier due to the COVID-19 pandemic.

#### *Yarn Exports and Imports Rising*

Yarn manufacturers both export and sell their yarn domestically, and Bangladesh also imports yarn to meet local demand. According to Trade Data Monitor, LLC (TDM), the value of Bangladesh's yarn exports under harmonized system (HS) codes 5204, 5205, and 5207 in CY 2021 was \$34.9 million, up 120 percent over the previous year (Figure 2).

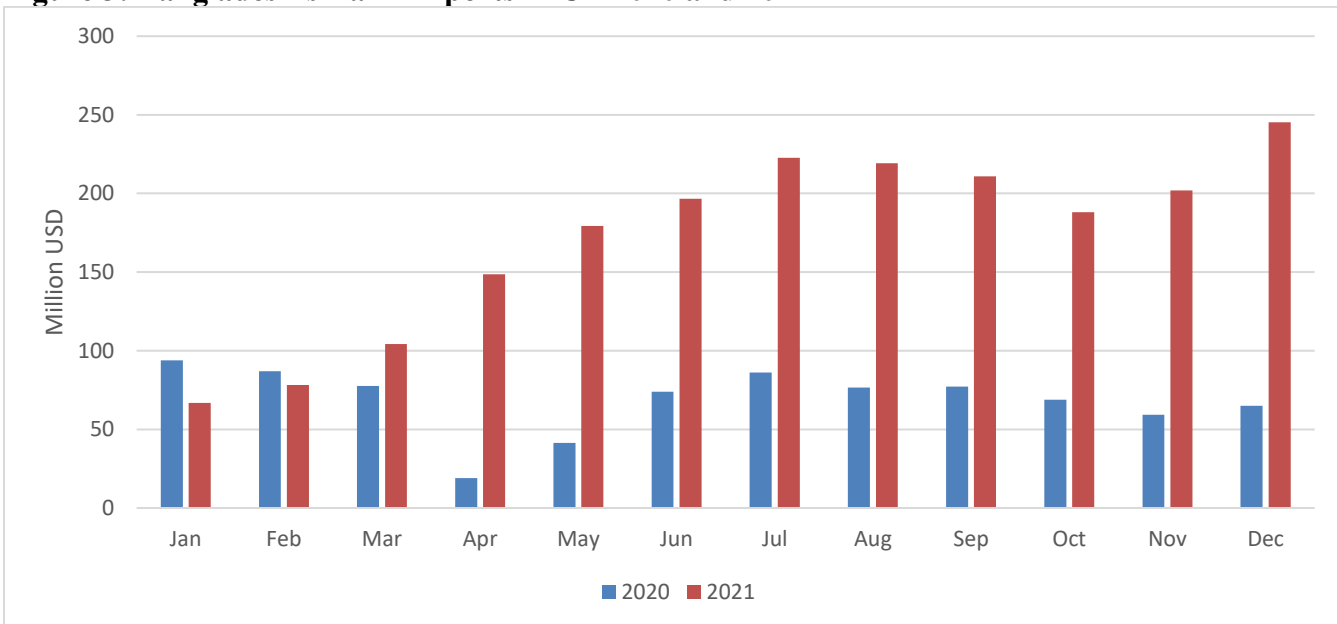
**Figure 2: Bangladesh’s Yarn Exports in CY 2020 and CY 2021**



Source: TDM

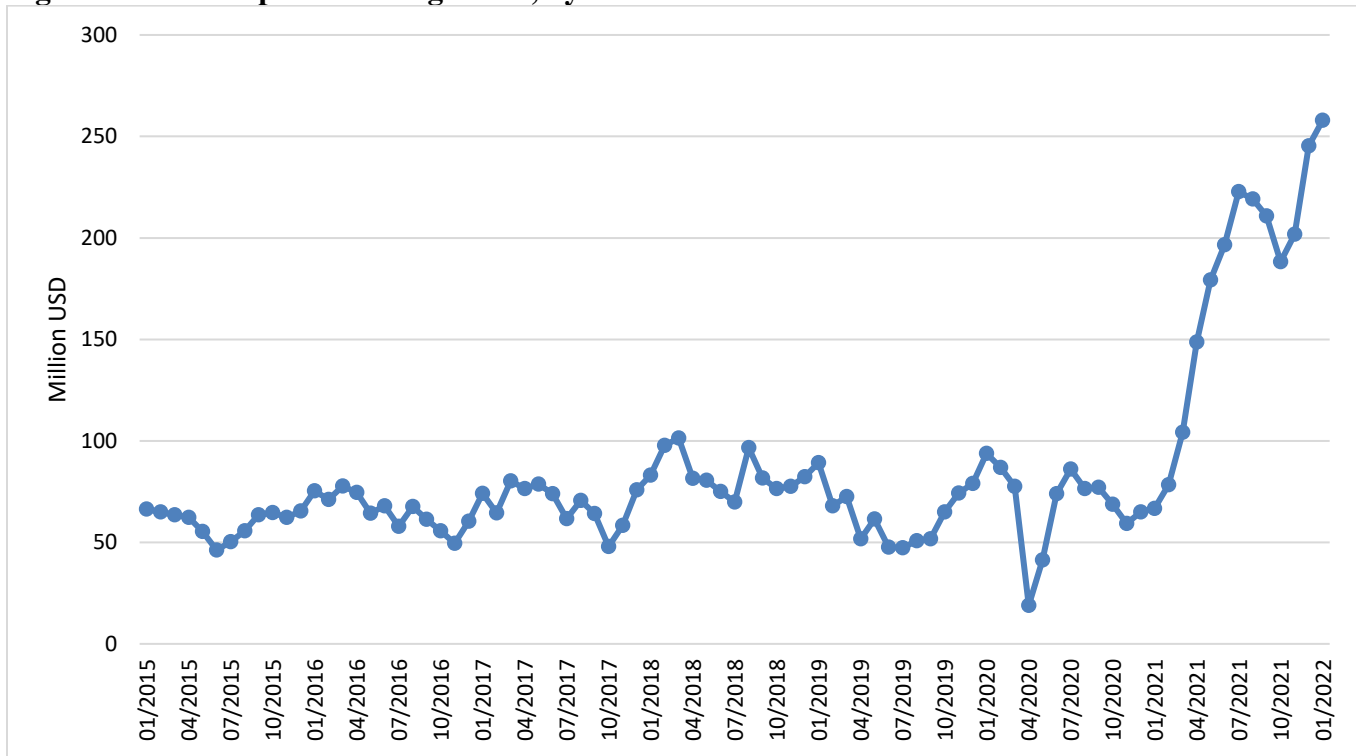
In CY 2021, the value of yarn imports was up 150 percent over CY 2020 to a record \$2.1 billion (Figure 3 and Figure 4). After recovering from the first wave of COVID-19 pandemic in late 2020, the Bangladesh RMG industry received a large amount of work orders in 2021, which increased yarn demand.

**Figure 3: Bangladesh’s Yarn Imports in CY 2020 and 2021**



Source: TDM

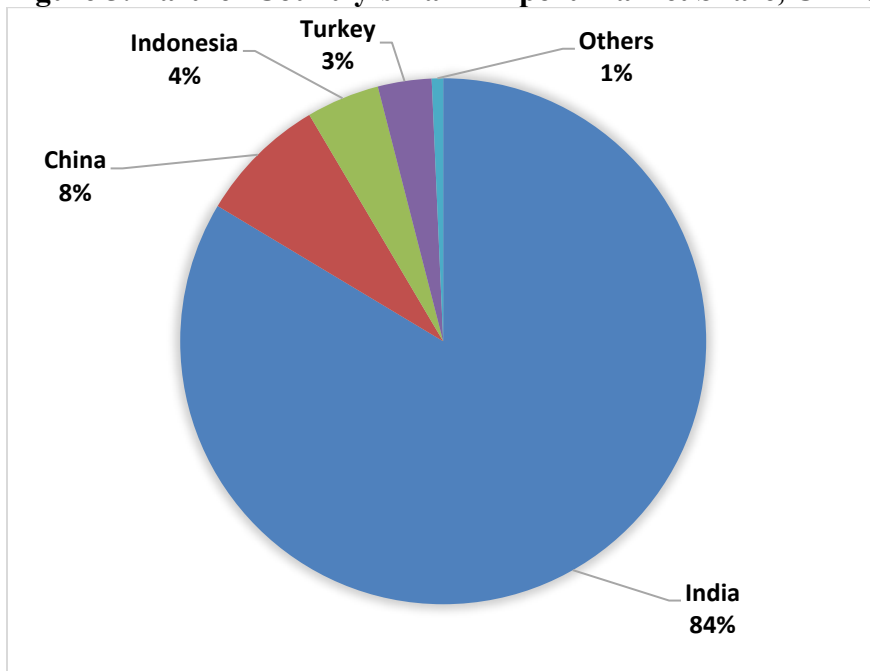
**Figure 4: Yarn Imports in Bangladesh, by month**



Source: TDM

India is the largest exporter of yarn to Bangladesh. In CY 2021, India took 84 percent of yarn import market share, followed by China, Indonesia, and Turkey (Figure 5).

**Figure 5: Partner Country’s Yarn Import Market Share, CY 2021**



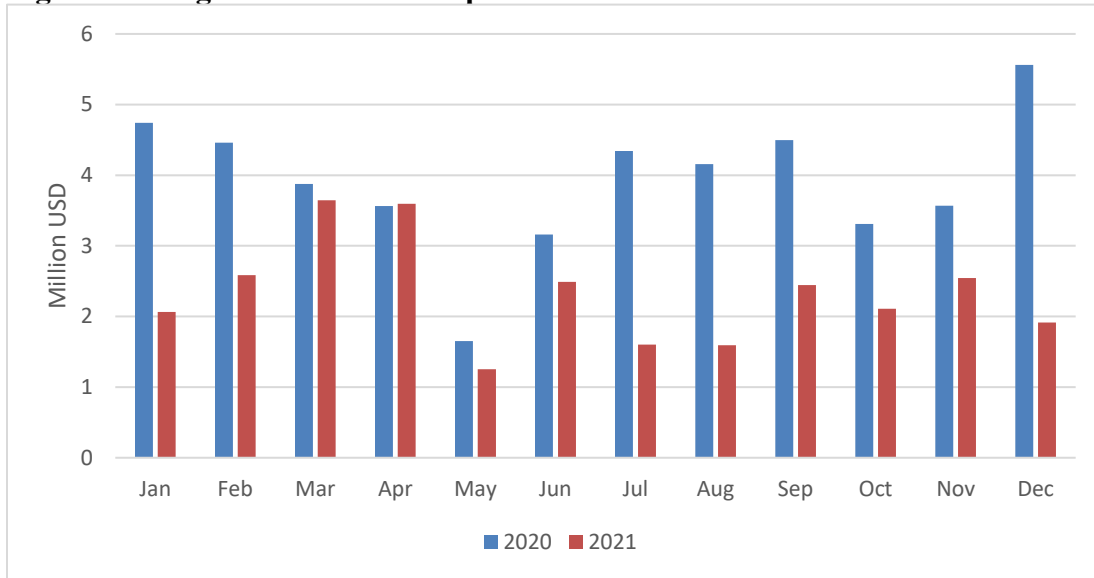
Source: TDM



### *Fabric Exports and Imports Decline*

Bangladesh imports large quantities of fabric and also exports limited quantities. According to TDM, the value of Bangladesh’s fabric exports under HS codes 5208 and 5209 in CY 2021 was \$27.83 million, 40.6 percent lower than the previous year (Figure 6).

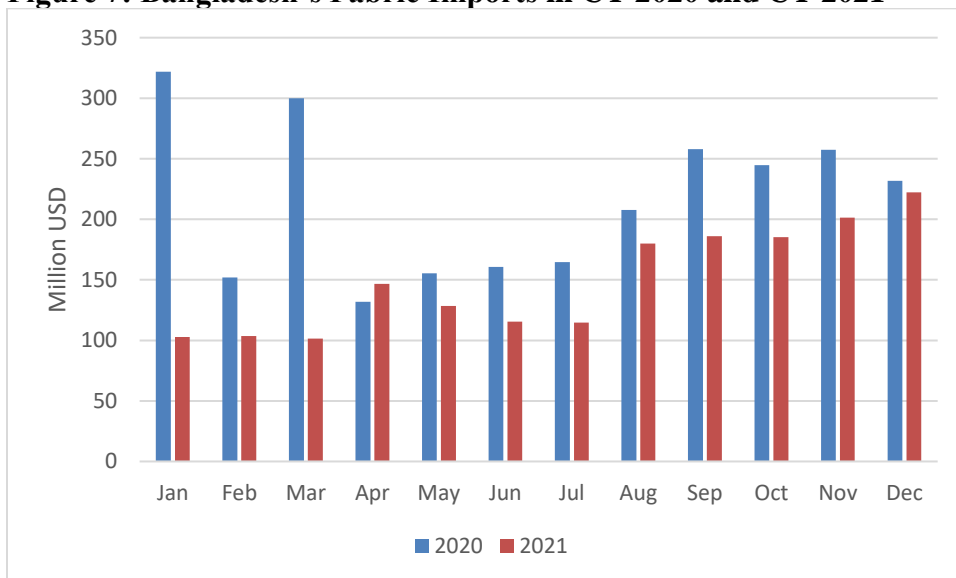
**Figure 6: Bangladesh’s Fabric Exports in CY 2020 and CY 2021**



Source: TDM

Total fabric imports in CY 2021 also dropped to \$1.8 billion from \$2.6 billion in CY 2020, as Bangladesh imported more yarn (Figure 7).

**Figure 7: Bangladesh’s Fabric Imports in CY 2020 and CY 2021**



Source: TDM

## Consumption

### *Consumption Continues to Increase*

For MY 2022/2023, Post forecasts total domestic raw cotton consumption at 9.31 million bales, up 5.6 percent over the MY 2021/2022 USDA official estimate. Post assumes continuing high demand for yarn and fabric by the domestic garment industry. Bangladesh has been receiving more work orders since the beginning of 2021 as many brands are shifting their orders from some competitor countries such as Vietnam and Indonesia. Contacts also stated that Bangladesh is expecting more orders in the coming months due to the recent COVID-19 lockdowns in China.

Post estimates MY 2021/2022 domestic raw cotton consumption at 9 million bales, which is 2.27 percent higher than USDA official estimate.

Post forecasts MY 2022/2023 yarn and fabric consumption at 0.96 million MT and 6.4 billion meters, respectively. For MY 2021/2022, Post estimates yarn and fabric consumption at 0.95 million MT and 6.3 billion meters, respectively.

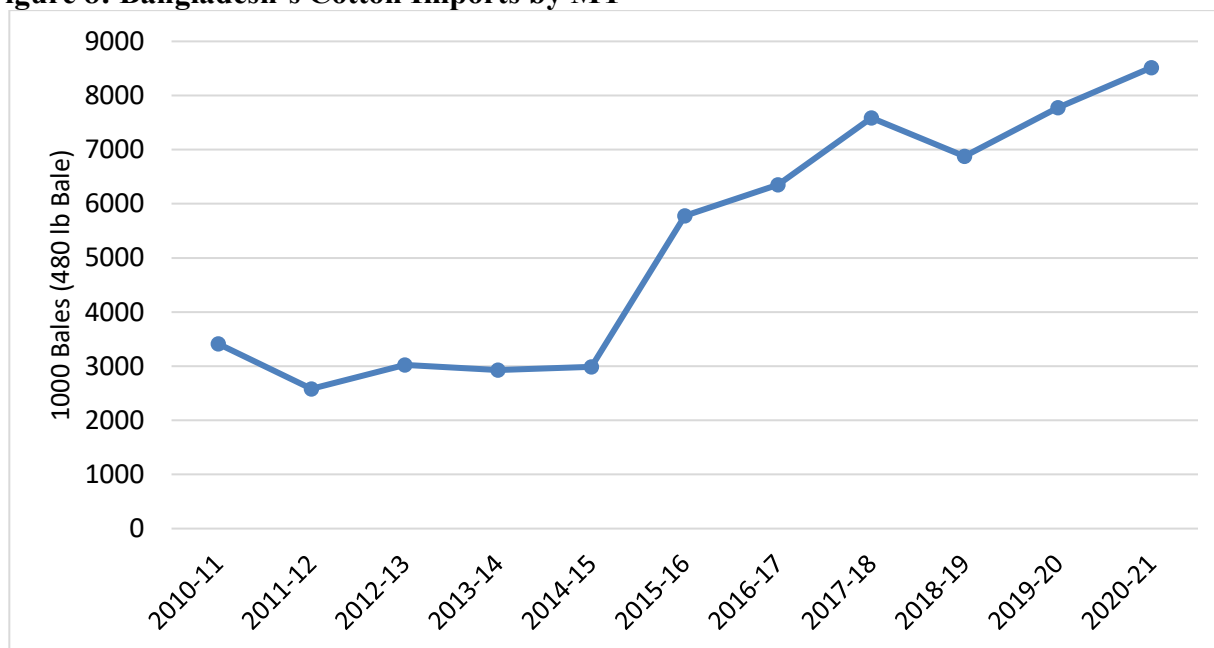
## Trade

### *Imports Continue to Increase*

Bangladesh's cotton imports continue to increase steadily (Figure 8). Post forecasts MY 2022/2023 cotton imports at 8.9 million bales, up 7.2 percent over the MY 2021/2022 USDA official estimate, assuming increasing yarn and fabric demand by the RMG industry.

Post estimates MY 2021/2022 cotton imports at 8.7 million bales, up 4.8 percent over the USDA official estimate. According to Bangladesh's National Board of Revenue (NBR) data, Bangladesh has imported approximately 5 million bales of cotton in the first 7 months of MY 2021/2022. For MY 2019/2020, Post revised cotton imports to 8.5 million bales, based on NBR data.

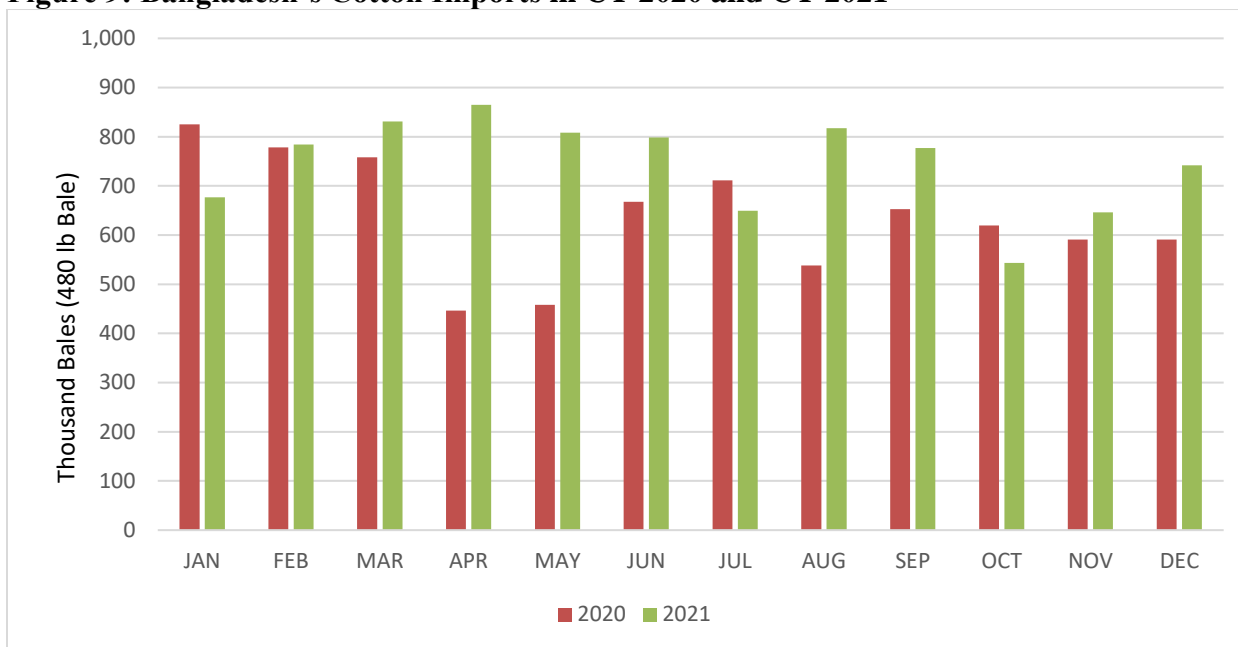
**Figure 8: Bangladesh's Cotton Imports by MY**



Source: NBR

In CY 2021, raw cotton imports have increased substantially over CY 2020 because of high domestic demand for yarn triggered by the end of COVID-19 lockdowns (Figure 9).

**Figure 9: Bangladesh’s Cotton Imports in CY 2020 and CY 2021**



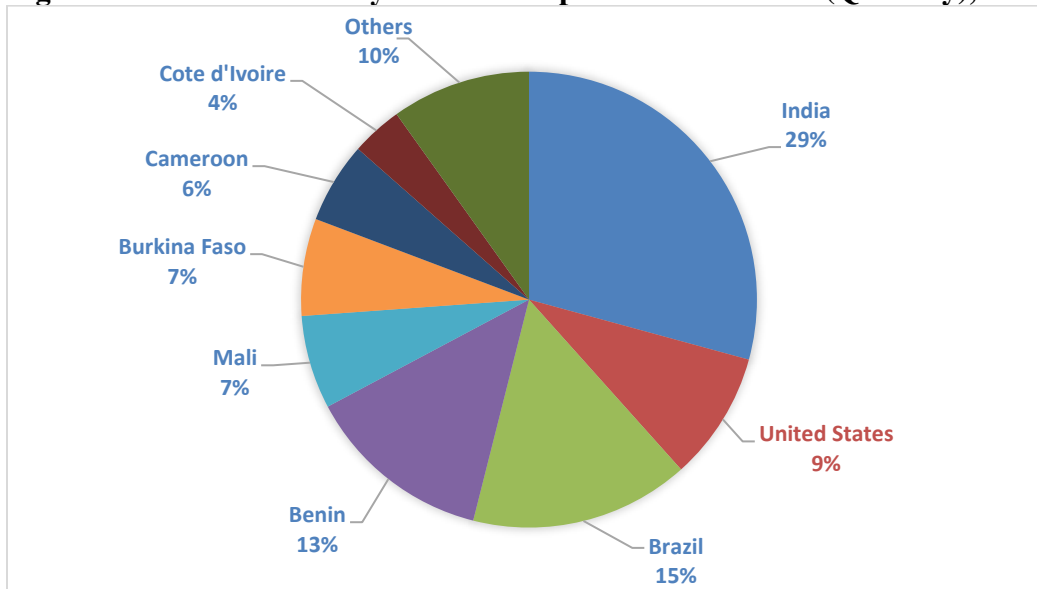
Source: NBR

#### *India Captures the Largest Market Share*

In CY 2021, by quantity, Indian cotton had 29 percent market share, followed by Brazil (15 percent), Benin (13 percent), and the United States (9 percent) (Figure 10). The volume of U.S. cotton exports to Bangladesh in CY 2021 was approximately 816 thousand bales, 58 percent lower than CY 2020.

Indian cotton is exported via Kolkata seaport and Benapole land port, with traders noting that transportation and logistics are cheaper as compared to other origins, with shorter shipment times due to geographic proximity.

**Figure 10: Partner Country's Cotton Import Market Share (Quantity), CY 2021**



Source: NBR

### **Stocks**

For MY 2022/2023, Post forecasts ending stocks at 2.25 million thousand bales, approximately 11 percent lower than the MY 2021/2022 USDA official estimate. Due to global cotton supply chain issues and increased prices, local spinners will reduce their stock. Post's MY 2021/2022 cotton ending stock estimate is 2.51 million bales, similar to the USDA official estimate.

### **Policy**

#### *Exports Opt to Not Accept New Orders for the Russian Market*

Contacts note that RMG exporters in Bangladesh are uncertain about receiving payments from Russian buyers as Russian banks have been cut off from SWIFT. They are also worried about shipments of existing orders to Russia, as shipping lines are suspending container bookings to the country. According to the [local news](#), BGMEA has asked exporters not to accept any new orders for the Russian market.

#### *Government Increases the RMG Wastage Rate Again*

On December 19, 2021, the Bangladesh Ministry of Commerce increased the maximum wastage rate for producing ready-made garment items from raw materials (yarn, fabric, finished products). Please see [Bangladesh Increases Ready Made Garment Wastage Rate](#) for further details. The Ministry of Commerce amended the wastage rate again in February 2022, setting the new maximum wastage rate at 29 percent for basic knitwear, 32 percent for special items, and 16 percent for sweaters and socks. Contacts note the higher permissible wastage rate will likely encourage apparel manufacturers to import more yarn and fabric due to reduced duties, versus importing raw cotton.

### *Tariffs*

According to the Bangladesh tariff schedule 2021-2022, cotton related products tariff rates are as follows:

**Table 7: Bangladesh's Tariff Structure for Raw Cotton and Other Textile Products, FY 2021-22**

<b>Products</b>	<b>CD</b>	<b>SD</b>	<b>VAT</b>	<b>AIT</b>	<b>AT</b>	<b>RD</b>	<b>EXD</b>	<b>TTI</b>
Raw Cotton (52010000)	0	0	0	0	0	0	0	0
Man-made Fibers (55011000)	5	0	15	5	5	0	5	31
Yarn (53089000)	10	0	15	5	5	0	5	37
Fabric (55121100)	25	20	15	5	5	3	0	89.32
Textile dyes- chemicals (32041100)	5	0	15	5	5	0	0	31

Source: NBR, Government of Bangladesh, 2021-2022

CD = Custom Duty; SD = Supplementary Duty; VAT = Value Added Tax; AIT = Advance Income Tax; ATV = Advance Trade Tax; RD = Regulatory Duty; TTI = Total Tax Incident

**Table 8: Bangladesh's Production, Supply, and Distribution of Raw Cotton**

Cotton Market Year Begins	2020/2021		2021/2022		2022/2023	
	Aug 2020		Aug 2021		Aug 2022	
Bangladesh	USDA Official	New Post	USDA Official	New Post	USDA Official	New Post
Area Planted (1000 HA)	0	44	0	45	0	46
Area Harvested (1000 HA)	45	44	45	45	0	46
Beginning Stocks 1000 480 lb. Bales	2515	2515	2900	2667	0	2508
Production 1000 480 lb. Bales	145	147	151	151	0	155
Imports 1000 480 lb. Bales	8750	8515	8300	8700	0	8900
MY Imports from U.S. 1000 480 lb. Bales	0	800	0	700	0	1000
Total Supply 1000 480 lb. Bales	11410	11177	11351	11518	0	11563
Exports 1000 480 lb. Bales	0	0	0	0	0	0
Use 1000 480 lb. Bales	8500	8500	8800	9000	0	9300
Loss 1000 480 lb. Bales	10	10	10	10	0	10
Total Dom. Cons. 1000 480 lb. Bales	8510	8510	8810	9010	0	9310
Ending Stocks 1000 480 lb. Bales	2900	2667	2541	2508	0	2253
Total Distribution 1000 480 lb. Bales	11410	11177	11351	11518	0	11563
Stock to Use % (PERCENT)	34.12	31.38	28.88	27.87	0	24.23
Yield (KG/HA)	702	727	731	731	0	734
(1000 HA), 1000 480 lb. Bales, (PERCENT), (KG/HA)						

**Attachments:**

No Attachments