



Bangladesh Investment  
Development Authority

# Leather & Leather Goods Industries



June 2023

# Industrial Outlook

# Key Features

One of the **oldest** industries

**4%** of total export and **0.6%** of GDP

Possesses **2.4 %** of the total livestock population in the world



**2nd**-largest export industry

Expects of becoming one of the **top ten** leather exporting countries by 2025

**8th** largest footwear producer

## Leather Quality



**High-quality fine-grain leather**

**Uniform fiber structure**

**Smooth and natural texture**

## Production Status



**350 million square feet leather annually**

- 56% Cowhides
- 30% Goat/Sheep hides & skin
- 14% Buffalo skins



- 75-80% is exported to 84 destinations
- 20-25% is used to meet domestic demand



Local footwear market demand is **200 to 250 million pairs** per year



**378 million pairs of shoes** are manufactured annually (86% is used to meet domestic demand)



Bangladesh imports footwear and goods to meet **40%** of domestic demand

## Leather Factories 6,200



220 tanneries



3,500 SMEs



110 large firms

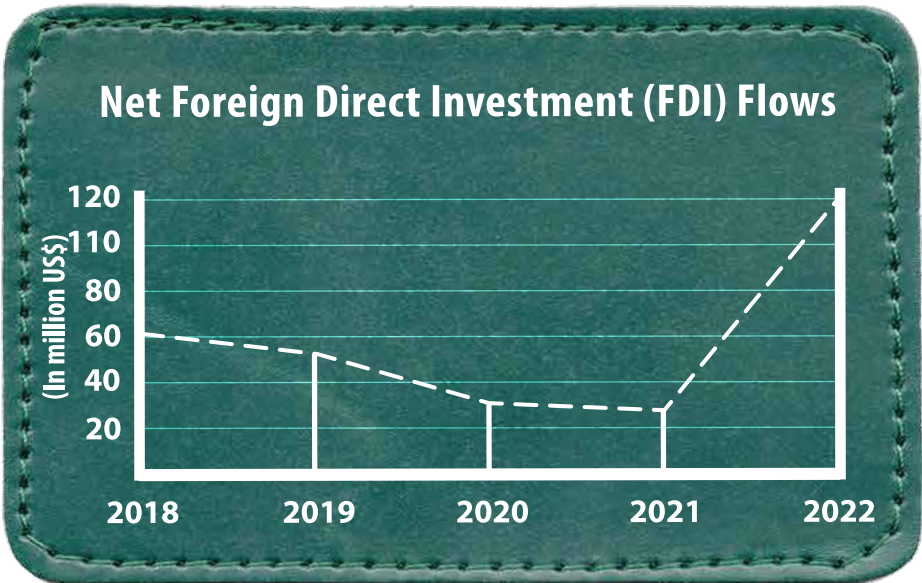
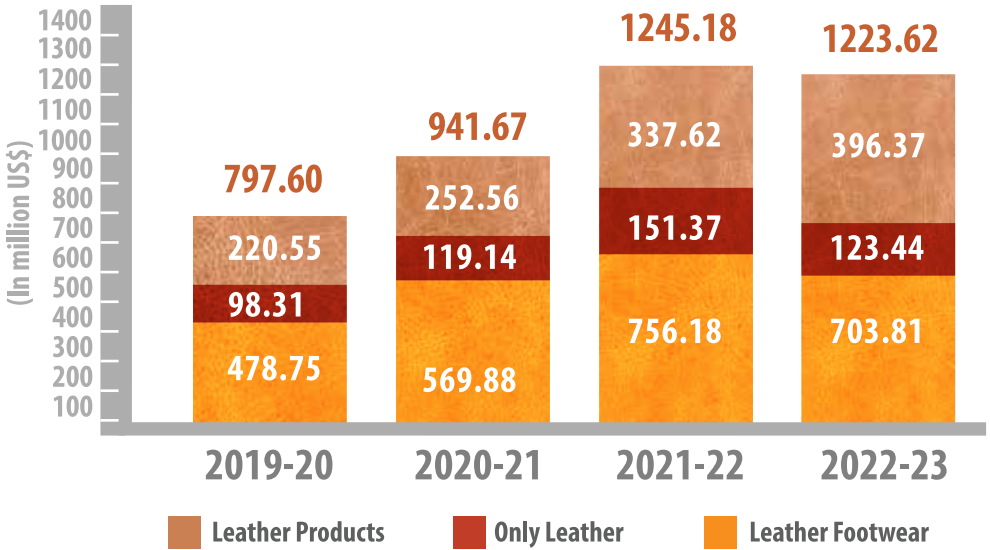


2,500 footwear units

# Economic Overview

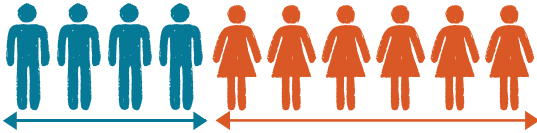


## Leather Export Status





# Labor Forces



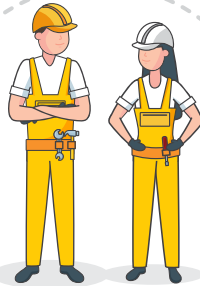
**Total Employee**  
0.85 million (60 % women)



**Government Initiative**  
Raise **15,000** skilled workers

## Bachelor and Master Courses

B.Sc. in Leather Engineering  
B.Sc. in Footwear Engineering  
B.Sc. in Leather Products Engineering  
*(160 students in each year)*  
M.Sc. in Leather Engineering  
M.Sc. in Footwear Engineering  
M.Sc. in Leather Products Engineering  
*(30 students in each year)*



## Diploma and Short Courses

Leather and Footwear Business  
*(300 mid-level managers)*  
Leather and Sewing Operator course (519 students)  
Leather Cutting Operator course (84 students)  
Table Operation in Leather Goods course (589 students)

# Growth Drivers



**Warehouse Facility**  
Central bonded warehouse facility for small and medium leather goods manufacturers



**Cheap and Competitive Labor/Workforce**  
Minimum monthly wage approximate 65.61 USD



**Cheap Raw Materials**  
Bangladesh possesses 2.4% of the total livestock population in the world



**Low Production Costs**  
The production cost is low due to availability of cheap raw materials and competitive labor cost



**Diversified New Products in the Leather Market**

Sports Footwear; footwear-outer soles of rubber/plastic uppers of leather coverage ankle; belts and bandoliers; handbags; jackets; suitcases; wallets; gloves, mittens and other articles and leather



Middle and affluent class **MAC consumers**-34 million by 2025



**Diverse Range of Supporting Industries**  
Packaging materials, metal accessories, adhesive, dies/molds and soles, etc.



**Access to Neighboring Countries' Consumer Market**  
Country's strategic geographic location, potential economic corridors, and the Bay of Bengal offers easy trading access to the Asia-Pacific region and Middle Eastern's big consumer markets

### Top Products



Crust Leather



Blue Wet Leather



Finished Leather



Split Leather



Footwear



Gloves/mittens, Belts



Handbags



Trunks And Suitcase

### Presence of Global Brands



### Top Investor Countries



China



Germany



India



Italy



Taiwan

### Top Exporters



Apex Tannery Ltd.



Bata Shoe Co. Ltd.



Bay Footwear



FB Footwear



Jennys Shoes Ltd.

### Duty-free Market Access

Australia

Canada

EU

Japan

Russia

UK



### Top Export Destinations



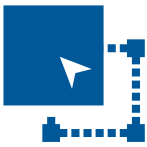
Australia, Belgium, Brazil, Canada, China, France, Germany, Hong Kong (PRC), Italy, Japan, Netherlands, Poland, Russia, Singapore, South Korea, Spain, UK and USA

# Hot Spots for Foreign Investment



**Technology and Production Methods-** Engineering, Quality Management and Quality Control Management.

**Managerial Skills Development-** Develop pool of skilled manpower to improve the quality of products manufactured.



**Product Design Service-** Establish a development and fashion institute to impart software training for product design and development services.

**Vocational Training for Workers-** Machine Operating; Inventory, Material Selection and Compliance Operating; Computer System and Data Analyzing; Pattern Engineering (Software basis); Multi-Machine Dimension Operating; Packing and Finishing; Sales etc.



**Marketing and Promotional Activities** for the players in the sector.

**Leather and Non-leather Footwear Manufacturing** (footwear accessories, shoelace, leather and non-leather products, dyeing etc.).



**Manufacture of Export-oriented Leather Products -** Foreign investors are expected to establish manufacturing bases for luxury leather goods for export, particularly utilizing their advanced processing technology and skills.

**Set-up Environment-friendly Tannery and Leather-finishing Industry-** Foreign investors are expected to develop non-polluting tannery and state of the art finishing industry in Bangladesh.



# Enabling Policy and Incentives

## Incentives Related to Leather and Footwear Industries

Reduced Corporate Income Tax for 5 to 10 years depending on location

1% import duty exemption on capital machinery/ spares for export-oriented industries

3% import duty exemption on capital machinery/ spares for other industries

Regulatory/ supplemental duty exemption for footwear producer using materials such as tube, pipe, plastic, PVC screen, textile/ knitted fabric

Central bonded warehouse facility for the leather sector to facilitate the small and medium leather goods manufacturers in the country

Green Transformation Fund

Export Credit Guarantee Scheme, Export Development Fund

## Related Policies

Export Policy 2021-24

Leather and Leather Products Development Policy 2019 addresses a range of incentives to boost the sector's export earnings

National Industrial Policy 2022 recognized the leather industry as an export-diversified industry

## Supporting Laws and Regulations

Import Policy Order, 2021-24

Bangladesh Labor Act, 2013

Bangladesh Labor Rule, 2015

Fire Prevention Act, 2003

The Foreign Private Investment (Promotion and Protection) Act, 1980

Foreign Exchange Regulation Act, 1947

## Relevant Public and Private Institutions Supporting Ministry/Institution

Ministry of Commerce

Ministry of Industries

Ministry of Environment

National Board of Revenue

Bangladesh Investment Development Authority

Bangladesh Economic Zones Authority

Bangladesh Export Processing Zone Authority

National Board of Revenue

Bangladesh Bank

Bangladesh Small and Cottage Industries Corporation

## For Exporters

50% tax exemption for income derived from export

No VAT imposition on export goods

20% export subsidy/ cash incentive for exporters

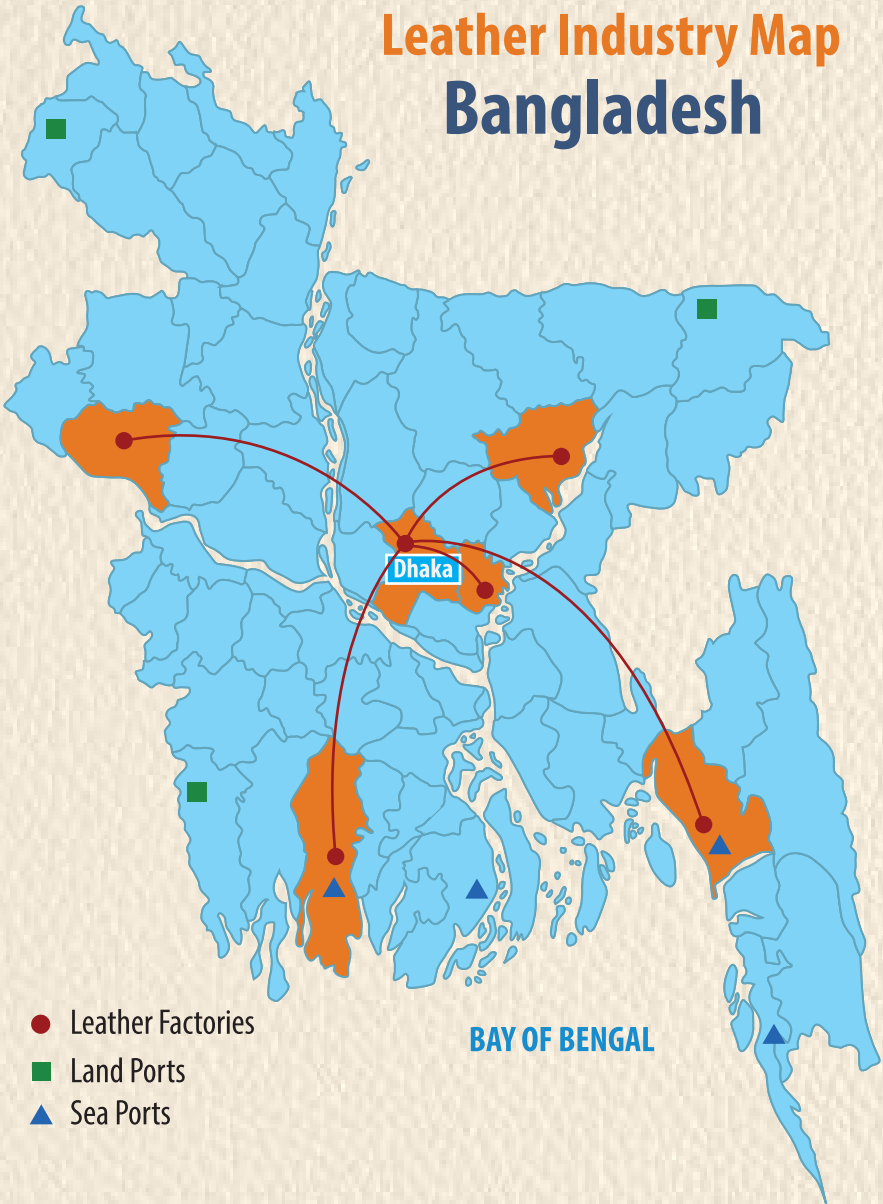
Duty-free market access (preferential treatment) to 52 nations

## Industry Associations

Leather Goods and Footwear Manufacturers & Exporters Association of Bangladesh



# Leather Industry Map Bangladesh



- Leather Factories
- Land Ports
- ▲ Sea Ports

BAY OF BENGAL



Bangladesh Investment  
Development Authority

**BIDA**

E-6/B Agargaon, Sher-e-Bangla Nagar  
Dhaka-1207. Tel: +880-2-44826795-99  
Email: [info@bida.gov.bd](mailto:info@bida.gov.bd)

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