



**Implications of Bangladesh's LDC Graduation on its Apparel Exports to
the EU: Challenges and Mitigation Strategies**

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Abstract

This research analysis explored the effect of LDC graduation of Bangladesh in the context of its apparel exports to the EU using the analysis of both primary industry interviews and secondary literature. The study set out to determine the problems arising from the loss of tariff preferences, to discover solutions to these problems, and lastly to evaluate the political, economic, and social impacts of diversified apparels exports after graduation. Stakeholders' interviews highlighted important issues due to decreased competitiveness in the EU market because it was expected that higher tariffs would affect Bangladesh's position. To address these challenges, the industry respondents stated ways like market diversification as a way of spreading risks, integrating and adopting new technology to be ahead of competitors, and or form joint ventures with other players in the market. The conclusion to these findings was made with the use of secondary data and primary data, which again stressed the role of government in coming to good trade deals and offering help as this turning point was seen as crucial. The study found that industry –policymaker cooperation is crucial for sustaining apparel export growth and macroeconomic stability in Bangladesh after LDC graduation. The study provides an insight of how emerging economies can manage trade transition issues with the Global Apparel Sector Based on the case of Bangladesh.

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Chapter-1 Introduction

1.1 Research Background

Bangladesh, acclaimed to be one of the largest export hubs of garments, especially among the less developed countries (LDCs), is currently facing major challenges regarding its graduation from the group of LDCs by the year of 2026. This graduation has another meaning of moving up the ladder in the country's development, in part due to its strengthened economic performances and enhanced socio-economic coefficients (Islam, 2023). But this change also brings several problems, especially for the country's apparel industry which already provides around 84% of the export income of Bangladesh and offers employment to millions. The staggering numbers demonstrate the level of dependency of Bangladesh on producing apparel and exporting it to the outside world. Due to this over-dependence, Bangladeshi apparel industry faces certain issues when it is exposed to any conditions or preferences in the export business and faces the issues of price discrimination as well (Berg et al., 2021). Currently a major tool of international trade or overall international business is the export business. It is one of the pillars of international business and the key to keeping the economic cycles in LDCs running (Badiuzzaman, 2018). The apparel industry of Bangladesh is one of the biggest apparel exporters in the world. While Bangladesh has achieved many milestones in export of apparel to different countries, it has faced many challenges as well. It is essential to analyse the prospects and impacts of graduation of Bangladesh from LDC and develop policies that may help the country to facilitate it.

1.2 Problem Statement and Selection of Topic

The first concern arises from the expected trade losses, particularly the expiration of duty-free export to the European Union (EU) through the Generalized System of Preference (GSP). This implies that EU tariff rates on Bangladeshi apparel are most likely to rise, which would then consequently have a great impact on the price competitiveness of Bangladeshi apparel in the European market (Rahman and Strutt, 2024). This could mean a gradual reduction of export tonnage affecting revenues and potentially putting at risk the employment of millions of people in the hope of improving efficiency. However, there could be a new challenge in the future in the form of increased competition from other Asian countries like Vietnam, Cambodia, etc, which still have preferential terms of trade. This may also lead to some headway in foreign exchange

earnings which in turn poses a threat to the GDP and the exchange reserves of the country (Bekkers and Cariola, 2024). With these emerging challenges in prospect, it becomes imperative to discuss how the LDC graduation of Bangladesh is likely to affect its readiness to meet its apparel exports to the EU.

1.3 Research Aim

The purpose of this thesis is to examine the consequences of Bangladesh's graduation from the list of LDCs in relation to export apparel to the EU. It aims to find out the prospects which may emerge due to the non-extension of trade preferences, understand the respective economic and social effects, and outline measures that might be taken to overcome the negative effects in a manner that facilitates further development and sustenance of the readymade garments industry of Bangladesh in the EU and develop diversifications strategies for the purpose of keeping up with the multipolar world.

1.4 Research Objectives

- ✓ To Identify the Challenges Posed by LDC Graduation on Bangladesh's Apparel Exports to the EU
- ✓ To Explore Mitigation Strategies for Sustaining Apparel Exports Post-LDC Graduation
- ✓ To Assess the Broader Economic and Social Implications of Diversified Apparel Exports
- ✓ To Provide Recommendations for Policymakers and Industry Stakeholders

1.5 Research Questions

- ✓ What are the anticipated challenges for Bangladesh's apparel exports to the EU following its graduation from LDC status?
- ✓ What strategies can Bangladesh employ to mitigate the challenges posed by LDC graduation on its apparel exports?

- ✓ What are the potential economic and social impacts of reduced apparel exports on Bangladesh's economy?

1.6 Significance of Research

The research will be of great significance as it analyses one of the most important and major industries of an LDC like Bangladesh. The research will be significant for the Bangladesh apparel export industry as it will provide key insights on the current scenario of the industry and how to deal with the challenges that the industry is currently facing (Bekkers and Cariola, 2024). The research will be of significance for Bangladesh as a whole as it will provide significant information on how the apparel industry can be used to graduate from the group of LDCs and what the effects will be. The research will be significant for researchers and scholars as it will add to the existing literature and provide key information on the apparel industry and the role of LDCs as a whole. The research will be significant for the researcher as well, as it will help them to achieve their academic requirement of performing a thesis and will help to provide them with important knowledge on their area of interest which is the Export business and LDCs.

1.7 Rationale of Research

Bangladesh is currently one of the most rapidly economically developing countries in the world which is looking to graduate from its LDC status and working towards achieving this goal (Curran and Nadvi 2015). The apparel and export industry in the world is one of the most profitable and active industries which deals with millions of pounds each year and Bangladesh is one of the key exporters for the EU and the United Kingdom in general. For this reason, the apparel industry and its exports activities of Bangladesh is an important sector for the country and for the countries that it exports to as well. While there has been research on apparel export of Bangladesh, there has been no research done on analysing the connection between the apparel export industry of Bangladesh and LDC graduation of the country. The rationale behind the research is to fill this gap by linking the two concepts and identifying strategies that may help Bangladesh to graduate from the LDC status using the apparel export industry of the country (Bhattacharya and Khan, 2022).

1.8 Structure of Thesis

The thesis consists of five chapters which include- the introduction, literature review, methodology, analysis and findings and lastly, the conclusion and recommendations chapter.

Chapter 1 is the Introduction which includes establishing the context of the research. The chapter has described the background of the research, the rationale of the research. The chapter described the aim, objectives and the questions that the research has answered. The chapter overall described the premise on which the research has been performed.

Chapter 2 is the Literature Review which consists of accumulating and assessing the work done by researchers previously. This section includes elaborating on theories related to export, LDCs, trade preferences, impact of LDC graduation, export experiences of other countries and export scenario in Bangladesh.

Chapter 3 is the Methodology chapter which consists of describing the different methodologies that have been used to perform the research. The chapter explained the research philosophy, research approach, research strategy, data collection methods, data analysis methods and the ethical considerations of the research.

Chapter 4 consisted of the Analysis and Findings, which demonstrated the analysis of the data that had been collected and the findings have been elaborated in this section as well.

Chapter 5 is the Conclusion and Recommendations, which summarized the entire research process and provided some recommendations based on the findings of the research.

Chapter-2 Literature Review

Table 1: Literature Review

Concepts	Aim
Export Business	To gain in depth understanding of the concept of export and the functions of the export business
Apparel Industry of Bangladesh	Gathering information about the apparel industry of Bangladesh
Trade Preferences and Competitiveness of the Bangladeshi Apparel Industry	Comprehending the competitiveness and trade preferences in the apparel industry
Impact on the Apparel Industry of Bangladesh Following LDC Graduation	Understanding the different challenges that Bangladesh might face upon graduating from the LDC status
Mitigation Strategies	Gaining understanding of the different mitigation strategies that can be used to overcome the existing challenges
Export Experiences of Different Countries	Discussing the export experiences of a variety of countries

2.1 Export Business

According to Ehsan, (2021), export business refers to the business activities performed by selling goods and products produced in one country to another one. Export business involves the sale of goods and services that have been developed and created in one geographical boundary to other countries. For countries and business organizations that are aiming to achieve growth, export is an essential aspect. Export business helps countries to avail resources that otherwise may not be available in their countries. Export business helps to diversify the market and helps countries to develop competitive advantage (Hossian et al., 2019). It enables business organizations from one country to expand their businesses in a larger global market helping them to increase their sales

and profitability while embracing the risks that are existing in the business. For performing or engaging in export business, it is essential for them to understand about the country that they are willing to export into. Learning about the country, the culture, the demands and preferences of the customers are all parts of the market research that is mandatory to be performed when engaging in export business (Ehsan, 2021). Another important aspect of the export business is that the legal requirements, compliances and overall regulations are all different depending on the country which is highly complicated and an extremely complex process. In export business, products are shipped from one geographic location to the other which is from one national boundary to another one. For this reason, when engaging in export business, it is essential to consider the logistical requirement and supply chain management in export and international business (Hossain et al., 2019). The logistical support is required to be very good and efficient in regards to export business. Export business is an important tool for economic growth and diversification of goods and risk for a country. It also helps to reduce the pricing of products by ensuring economies of scale and overall helps with innovation and competitiveness.

2.2 Export Experiences of Different Countries

According to Curran and Nadvi, (2015), the global export industry is growing day by day and many of the countries make use of the strategies to ensure competitive advantage, core competency, constant innovation and creativity in their export business in order to keep up with the changing customer preferences and demands. One of the most successful countries involved in the export industry situated in Asia is Vietnam. Vietnam is a strong competitor in the export industry and its strategies consist of ensuring innovation to diversify its markets through exporting its products into a variety of countries. The country achieves it through different international trade agreements like The Comprehensive and Progressive Agreement for Trans-Pacific Partnership or the EU–Vietnam Free Trade Agreement and makes sure to focus on industries like agriculture, apparel, and electronics (Ehsan, 2021). The country focuses on improving its infrastructure and logistical support to facilitate its export business while also attracting more foreign direct investments. The core competency or competitive advantage developed by Vietnam is its simplification of legal requirements and laws to facilitate international business and enhance the economic development of the country. On the other hand, Islam (2023), argued that the strongest and biggest exporting country in the globe currently is

China which can also be considered a powerhouse for its ability to produce and deliver it to different countries across the world. The biggest competitive advantage of China is its ability to innovate and constantly develop new products at all existing price ranges so that it is able to satisfy the demands of customers at any affordability. China is the leader of export business and it has also made use of different trade agreements. Based on the Global rivalry theory of export, China constantly performs market research and stays at the top of innovation so that it is able to produce and export its business in other countries as well (Lee and Karpova, 2018). The Belt and Road Initiative of China is another strategy of the country to further continue its market research and export business. The last country to graduate from its LDC status using its export business was Bhutan in 2020. Bhutan is a country that mainly focuses on exporting hydroelectric power and mainly to India. The country also makes sure to agree to its agricultural items like different spices and food. The competitive advantage that Bhutan has despite the situation is because it also focuses on improving and diversifying its export industry by streamlining processes and enhancing their infrastructure (Navarro et al., 2023). The core competency of Bhutan is its focus on sustainable practices while exporting its products.

2.3 Specifics of Export Business

According to Bottega and Romero, (2021), in least developed countries, the export industry faces various challenges along with some unique opportunities. There are deficiencies within the infrastructural development of these countries along with the lack of investment in major amounts of money. These LDCs also have their own complex rules and regulations. The prevalence of regulatory complexities and corruption in the least developed countries make it more difficult for the export industry to operate in these countries. In LDCs it is also difficult to work through the bureaucracy and maintain the environmental regulations. There is a significant level of skill gap in the LDCs as well which impacts the performances of the business organizations. However, Jongwanich, (2020), argued that one of the positive aspects of LDCs is that these countries often possess many natural resources that are unique. There are certain rare minerals or agricultural products that are available in the LDCs that help to grow the export industries in these countries. There are many major players in the global export industry not only in the apparel sector but also in other major sectors as well. Among these, China is the largest apparel manufacturer globally and is the market leader in the industry. The United States of

America is the largest exporter in the technology, automobile, agriculture and the aerospace industries. However, the export industry is not only limited to man made tools and substances but also natural resources and the largest exporter of natural resources like oil, timber, and natural gas is Canada. However, Hidiroglu, (2021), stated that different LDCs are competing very well in other industries that do not require advanced technologies. Countries in Africa like Ethiopia and Uganda are top exporters among LDCs in coffee while Ivory Coast and Ghana are leaders in exporting cocoa. Botswana and Sierra Leone excel in exporting diamonds, while Mali and Tanzania excel in gold export. In Asia, Bangladesh is the market leader in textiles and garments while Myanmar and Cambodia excel in exporting rice (Gregory et al., 2019). Sri Lanka is the top exporter of spices and Vietnam which may graduate its LDC status very soon is top in consumer electronics. The specifics that all of these LDCs have in common when it comes to export industry are that the countries are highly focused on industries that require a lot of labour work like mining and sewing (Ceglowski, 2017). These countries also focus on exporting natural resources which often times dominate their economies. LDCs often also focus on exporting agricultural items as these require a suitable atmosphere and rural population.

2.4 Bangladesh's Apparel Industry

It is worth mentioning that the apparel industry is one of the most important industries in Bangladesh's economy because it is one of the largest exports, the supply of new machines and technologies is improving employment opportunities in the industry. In line with this agenda, while Ehsan (2021) has rightly highlighted the sector's overdependence on PTAs, the author has also explained that the potential crown in export growth post-LDC graduation can severely affect the Bangladesh economy. A decrease in export demand is one of the potential consequences of the economic crisis for the export-oriented economy, which directly affects some sectors such as the RMG sector may experience diminished demand for its product in EU countries hence the production and employment levels may drop. According to Razzaque et al. (2020), it is also possible to determine the effects that might be derived from the TCFD framework for the textiles and clothing industries. They establish that trade preference loss may upset the industry's growth path, and macro-level strategies are needed to sustain exporting performance. By exploring the consequences of LDC graduation in Bangladesh, Hossain et al. (2019) underlined the issues and opportunities for the country's RMG sector in relation to improving product quality and

expanding into new markets. In a more recent paper, Rahman and Chowdhury (2020) assess the growth path and development outcomes of the RMG industry where the authors stress the structural importance of this industry to the development of Bangladesh. They contend that maintaining it after graduating from LDCs needs further policy endeavours and structural adjustments in industries. Curran and Nadvi (2015) outline the historical background of trade preferences, the evolution of Bangladesh's textiles and garment industry and the possible alterations in the future.

2.5 Trade Preferences and Competitiveness

The GSP and more notably the EBA have indeed played a significant role in the sustenance and growth of Bangladesh apparel exports to the EU by way of duty-free and quota-free access. Bhattacharya and Khan (2018), it has argued that these trade preferences have assisted Bangladesh in establishing a competitive advantage over the global apparel market. Even so, upon graduation from the LDC, changing to normal GSP or the most favoured nation-country levels could see this lifted. Sytsma (2019), the author of the paper under consideration, employs a partial equilibrium model to quantify the repercussions of the given loss of EBA preferences. Consequently, they produce higher tariffs which can bring about a drastic reduction in export revenue, worse on woven garments and knitwear. These extensive trade and financial relations are reasonably scrutinised given the increasing importance of Asian LDCs, including Bangladesh, according to Navarro-Pabsdorf et al. (2023). Their analysis indicates that the withdrawal of trade preferences may leave Bangladeshi apparel at a disadvantage in terms of price competitiveness to clothing exports from countries that still enjoy trade preferences. Recent work proposed by Khorana et al., (2021) addresses the viability of the EBA scheme and its relevance in the developmental context of Bangladesh after graduating from the LDC status. The study however notes that Locking this common market price will be difficult once one loses the preferential tariffs which have tremendously decreased the cost of production and boosted profitability levels. Such a relative shift introduces the idea of shifting from competitiveness to other routes for keeping up the growth of exports and preservation of the market share in the EU.

2.6 Challenges of the Apparel Industry of Bangladesh

According to, Islam et al., (2020), the apparel industry of Bangladesh is one of its most important and profitable industries of the country. It is one of the key tools that helps to drive the economy of the country. However, in conducting the apparel business and apparel export business in the country, Bangladesh has faced several challenges and is still facing several challenges as well. One of the major challenges of the apparel export industry of the country is the lack of suitable infrastructure (Islam, 2023). Since exporting is a highly risky and a highly complicated business industry, it requires much infrastructural and logistical support as well. However, Bangladesh is a country that does not have suitable or enough support or infrastructural development to support this booming industry which is making it challenging to perform its activities and compete in the global market. In Bangladesh because of the political instability and volatile legal situations, the conduction of business has become more challenging to conduct. There is also discrimination among workers in the industry and there are major challenges in the industry because of the lack of skilled labors (Laursen, 2015). There is increasing competition in the global market and with the continuing political instability of the country, it is becoming more difficult to compete with these countries like China, Vietnam and various others. Hence, the literature demonstrated that there are several challenges that are faced by the Bangladesh apparel export industry (Lee and Karpova, 2018).

2.7 Impacts of LDC Graduation on Bangladesh

Graduating from the LDC status is a major achievement for Bangladesh, this means that Bangladeshi economy and social indicators have registered impressive progress. However, this transition poses some limits to some sensitive sectors of an economy which fully depends on preferential access to extra-territory markets like the apparel goods manufacturing sector. Razzaque and Rahman (2019) agreed in their discussion that the EU market, a bigger buyer of Bangladeshi apparel products, will reduce its market access for the Bangladeshi products due to the removal of GSPs. This transformation is expected to raise the tariff levels and this in a way causes or leads to a negative impact on export volumes and its competitiveness. Islam (2023) also looks into the economic effect of the tariffs with LDC graduation by assessing the impact of an increase in tariffs. In the study, the specific price elasticity of demand for Bangladesh's apparel exports to Europe and markups for specific products are estimated to indicate that the

proposed higher tariffs could serve to decrease the nation's apparel exports and diminish its market share and total revenues. Bekkers and Cariola (2024) give a quantitative evaluation of the potential of trade effects which points out that the loss of preferential access could lead to the biggest loss of export which can be approximated as 9.5% of the average export earnings from the EU. Rahman and Strutt (2024) review the consequences of scrapping subsidies to export since have boosted the readymade garments sector in Bangladesh for years. They also observed that efforts to remove these subsidies can also affect volumes of production and exports thereby compounding graduation problems affecting LDCs. All these studies together and collectively bring out the implication of the loss of LDC status that has nice economic ramifications hence the need to engage in planning and policy formulation.

2.8 Mitigation Strategies

Based on the conditions of difficulty that can arise from LDC graduation, it becomes relevant to define the key strategies for Bangladesh. According to Rahman and Bari (2018), there are several ways in which sustainable graduation for LDCs can be achieved, some of which are increasing competitiveness through efficiencies, product range, and markets. The study also explains that the resultant effects can be mitigated by these strategies when one loses preferential trade access. Raihan et al. (2022) took one step further and simulated the effects of such agreements as RCEP and CPTPP on Bangladesh's economy. From these papers, they conclude that it is open in these agreements that may offer fresh business prospects and strengthen trade flexibility. Islam (2022) also underscores the need to diversify exports and focus on the revival of markets with special emphasis on the negotiation of better terms as far as Market Access is concerned. In another article, Ehsan (2021) highlights that like many other industries, the Bangladeshi RMG sector has turned towards various coping strategies while stressing the availability of proper policies to improve the competitiveness and productivity of these sectors. As a result, future work emphasizes the need to invest in tools and people as a way of enhancing the quality of products and cutting down on production costs. The work of Badiuzzaman et al. (2018) equally underscores similar factors as economic diversification and industrial upgrading for sustaining growth post-LDC graduation.

2.9 Conceptualisation

2.9.1 Literature Gap

Since there is vast literature on the repercussions of LDC graduation that is not enough to explain the fact that the situation has implications on the Bangladesh apparel exports to the EU in terms of competitiveness and long-term consequences. While there are numerous studies on trade preferences and their overall performance in terms of economic growth, there is scarce literature on specific and effective measures regarding apparel. In addition, there is normally a clear absence of an overall evaluation of some of the social consequences that may affect the workers in the industry.

2.9.2 Conceptual Framework

The following conceptual framework has been designed for the purpose of conducting the research study-

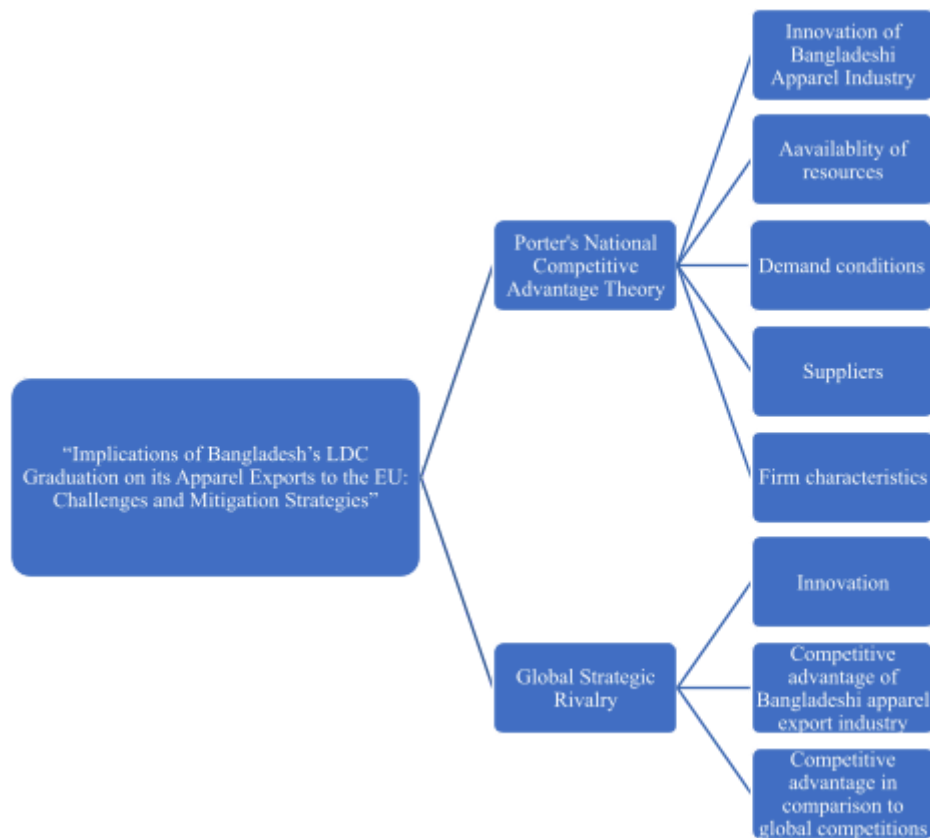


Figure 1: Conceptual Framework (Self Made)

One of the popular export theories used by businesses is the Porter's National Competitive Advantage Theory which states that, the competitiveness of a nation in different industries depends on the capacity of it to constantly evolve and innovate. The export business and the competitiveness of the industry of a country according to the theory depends on the resources available in the local market, the demand conditions of the local market, the suppliers and the different complementary industries and the overall characteristics of the firms involved in the industry. As explained in the theory, in the export industry, the innovation and constant evolution helps to create demand for products in other countries and help to keep the export working. Another popular theory is the Global Strategic Rivalry theory which focuses on the importance of developing competitive advantage if a firm wishes to compete with global competitors in the market. The theory stresses the importance of having competitive advantage and improving it constantly to be able to compete in the highly intense global market.

2.10 Concepts and Theories

The export industry of the world is one of the most significant ones and an industry that is one of the direct results of rapid globalization. For understanding the scenario of export and LDCs in general, it is important to know the major concepts that are relevant to the topic. Due to this reason, some relevant and major theories and concepts that are relevant to export industry have been discussed below-

Quota and Tariffs in Exporting: The role of tariffs and quotas in exporting is limiting the quantity of export and by imposing taxes on the export simultaneously (Razzaque and Rahman, 2019). Quotas are tools that are used to control the supply in the market, perform management of available resources, maintain the balance between trades and overall make sure that there is harmony existing in the export industry so that diversification and reduction of monopoly can be ensured. On the other hand, tariffs are used to ensure the profitability and the economic aspect of exports. It is used to generate a significant amount of revenue for the industry, make sure that domestic industries are protected against international or global competition and overall ensure control on the economic aspects of the market like inflation (Rho and Tonz, 2017). Quota and tariffs both play significant roles in controlling the export market and directly affect the production, the patterns of the export, the pricing and overall protect the industries from global giants. While quotas and tariffs are beneficial, they also hamper the trade relations and often lead

to disputes among parties. These also increase the pricing of the product and the consumers have to make purchases of the products at a higher price.

Comparative Advantage Theory: The Comparative Advantage Theory, suggested by David Ricardo, suggests that nations ought to concentrate on exporting the commodities in which they should spend more resources as contrasted with other countries. An example of Bangladesh is the readymade garments industry as it can avail the cheapest human resources as a labour force and already has well-equipped factories (Laursen, 2015). However, the loss of LDC status and other trade privileges, including GSP, which provide them preferential access to developed-country markets, threatens this advantage. By knowing and analysing where Bangladesh's comparative advantage is headed depending on the changes in the trade policies in the future, it is possible to suggest how productivity can be improved, investment in machinery and equipment, and other strategies that can help Bangladesh sustain its position and remain competitive in the EU hence retain its competitive edge.

Strategic Management View on Exporting: From the view point of strategic management, exporting is one of the key tools that can aid in growth of industries in a country and ensure better development of competitive advantages of a country and an industry as a whole. The exporting business between countries helps to ensure that markets are diversified, dependency on domestic sales is reduced and the burden of production on countries also reduces (Sytsma, 2019). Strategic management views exporting as a strong tool to satisfy the needs of a population of a country and help to reduce prices of products in some cases while making sure that ample resources and products are available for the people of a specific country to enjoy. Through performing in depth market research export can be used as a strong method to leverage the benefits of economies of scale and adapt with the needs of the locals. However, strategic management also acknowledges that in export business significant risk and ambiguity is present in regards to the political situations, the fluctuations of economic metrics and other aspects which makes it a very critical industry to perform and conduct business in (Wright et al., 2016).

Impact of Pricing on Goods: Pricing is an extremely important aspect of conducting any business activities. Pricing of goods depends on a variety of things and affects the goods in various ways. The pricing of the goods affects the position of the goods in the market. It creates impacts on the demand of the customers and their ability to make the purchase. While setting up higher prices

puts the industry or the goods at a risk of reduced volume of sales, it also ensures that despite the reduced sales more profitability is ensured (Lee and Karpova, 2018). The price in certain cases also reflects the quality of the product and creates the positioning of the product quality and sets the expectations of the customers from the goods. Pricing is a very sensitive topic for goods and the pricing of the goods affects the customers and whether they will purchase the product or not, directly impacting the final profitability of the organization.

Trade Preferences and Economic Development Theories: As GSP and other programmes including Everything but Arms were acting as bait that the LDCs could hook themselves up with the major markets such as the EU, economic development has been boosted. These preferences lower the cost and thus improve the price advantage of value-added exports. Such preferences can, thus, enhance export performance; and industrial and economic diversification according to the tenets of economic development theories (Rho and Tomz, 2017). In this scenario, the withdrawal of these preferences poses a fairly large economic challenge as Bangladesh graduates from LDC status. It also provides insights on how trade preferences impact export performance and the potentiality to set new ones through understanding the theory of development of such objectives and by exploring the different possibilities to set new ones by tendering into new accords or boosting up regional integration.

Global Value Chains (GVC) Theory: It analyses all the stages which have been followed by different activities carried out by firms and workers, across space and time to reach the final users and more. Product development entails activities like designing the product, making the product, positioning the product in the market, marketing the product to potential consumers, and managing the relationship between the organizations and those consumers who have been sold to. Bangladesh for this reason, occupies a crucial position in the sourcing world particularly in the assembly and manufacturing of apparel (Kano et al., 2020). Thus, knowing the mechanism of global value chains is significant, or it is possible to find out the consequences of changes in trade regulation and preferences for countries such as Bangladesh being the link in the chain. By learning the dynamics of GVCs in the Bangladeshi context, this paper will enable the country to adapt by seeking other value-creating opportunities in the case where it loses preferential market access by adding value, improving quality, and innovating in a specific segment of GVCs.

Competitiveness Theory: Competitiveness theory requires the identification of initiative by a country or firm to compete in the global markets. It covers such aspects as cost effectiveness, employee efficiency, product quality, creativity, and a company's overall positioning. Bangladesh apparel's sector competitiveness may be threatened by the loss of LDC status and its privileges in the international trade system since it could lead to raised costs of production and, therefore, a decline in price competitiveness (Lee and Karpova, 2018). To these effects, competitiveness theory points that efforts should be directed towards optimizing business operations, delivery of technology and skill development and adoption of optimal market positioning. Thus, developing these aspects can turn Bangladesh into a more competitive economy, protect and strengthen its position in the EU countries and seek opportunities to expand exports in new markets.

Chapter-3 Methodology

3.1 Research Philosophy

Research philosophy on the other hand is the framework of assumptions held being carried out on beliefs about the nature of knowledge and reality. They include positivism and interpretivism among other paradigms of synthesizing knowledge (Cohen and Manion, 2018). In its methodological aspect, positivism has focused on ‘objectivity’, that is, measurable facts and things that are clearly observable, and their use to explore regularities of behaviour or social occurrence that are generalisable, through use of quantifiable data and statistical analysis. Interpretivism has revolved around the meanings of people and their experiences as the fabric of the social world; hence, it utilizes qualitative approaches to investigate multifaceted aspects of social reality. The researcher has chosen interpretivism for the study on “Implications of Bangladesh’s LDC Graduation on its Apparel Exports to the EU: Challenges and Mitigation Strategies” because the research conducted has focused on diverse constructs and understanding from the multiple key actors that are involved in a clothing business. This qualitative approach in collecting the data has been effective in describing the challenges and opportunities which may have not been well captured by quantitative research.

3.2 Research Approach

Research approach is the grounding plan used by a researcher to execute a research study, the techniques that are employed in the collection and analysis of data. There are two primary approaches: These comprise the deductive and the inductive approaches. The deductive approach has included advance theory testing which involves formulating a hypothesis from theory and then coming up with research methods that can be used to gather data in order to test the hypothesis (Columbus, 2020). On the other hand, the Inductive approach prioritizes data accumulation in order to create new hypotheses or models based on the acquired data. The researcher has used the deductive approach because it has sought to establish the effect of LDC graduation on the exports of apparels by testing theories and hypotheses that already exist. This has facilitated the systematic analysis of the presumed problems and their solutions from a more objective perspective which makes it certain that the study has been done within the paradigms of the relevant theories and literature.

3.3 Data Type

Data type can therefore be defined as the classification of data that are gathered and used in a particular research study. There are two primary types of data: broadly categorised into primary and secondary. Primary data has entailed gathering data that is fresh from first-hand sources that include; questionnaires, interviews and experiments that are conducted purely for the research at hand (Fletcher, 2020). Secondary data has encompassed the use of data that has been collected by other researchers or organisations using books, journals, reports and statistical databases among others. The researcher has also preferred to use both primary and secondary data since the two forms of data give a more expanded view of the research problem. Primary data has helped in developing current and specific answers to the research questions while secondary data has been more general and background related, hence complementing the findings and hence enhancing the conclusions of the study.

3.4 Research strategy

Research strategy is the general approach that is used in the study of research questions and goals and objectives of the study. There are two main approaches: These methodologies can be further categorized into two, the qualitative and the quantitative (Goddard and Melville, 2020). Quantitative research has been touted as one that seeks to describe the phenomenon by gaining deeper insight into the human behaviour, the experiences and the social context where they exist with intention to test theories through interviews, focus group discussions and content analysis. Descriptive research has focused on the use of numerical data to quantify variables and study the presence and strength of an association between two variables or more within a population, and this generally uses surveys, experiments, and secondary analysis. Qualitative method has been adopted by the researcher because it enables deeper understanding of Research Topic and research questions because of facets and subjective experiences of the various stakeholders involved in this kind of study. This approach has been appropriate when making subtle differences/ discriminations and appreciating what quantitative method could have missed out as it provides a broad picture of the research problem.

3.5 Data collection methods

The techniques of collection of data to be used in the study has included both the secondary and primary research in order to achieve the objectives of the study effectively. This data has been very useful in the task of reviewing the historical background of apparel export flows (Keightley, 2020). For secondary data, UNDP, the World Bank, ITC and documents of several research and policy-based think tanks have been reviewed critically. These sources have provided broader economic and policy points of view, disclosing effects and secular aspects of LDC graduation. This paradigm of secondary data collection has given the research the kind of foundation that only a widespread understanding can provide.

Regarding the complementation of the secondary sources, primary data collection has included designing questionnaires for executives of exporting companies and policymakers in the export sector (Miles, 2021). Such interviews have tried to establish the first-hand experiences and information regarding the issues and approaches concerning the LDC graduation consequences for apparel exports. This has made the research have a broader picture of the practical manifestations and the real-world perspectives that may never be found in secondary data. By adopting both, secondary and primary data collection techniques, the research problem has been given a multifaceted view which is supported by existing literature as well as backed by current insightful professionals.

3.6 Data analysis procedure

The method of data analysis for the study for both primary and secondary qualitative data sources has involved thematic content analysis. In this context, the results of interviews with experts have been discussed with reference to these issues as well as key themes, and insights derived from these interviews have been made secondary data covering the IDT databases and documentary sources. This method has made it possible to undertake a proper benchmarking of Bangladesh's present competitive position vis-a-vis other novel apparel exporting nations such as Vietnam, Cambodia, and India. In the assessment, examination of changes in export reflections and market characteristics after LDC graduation has been considered. Similarly, content analysis of the available literature has been done to find out the common trends, strengths, weaknesses, and possible recommendations for the Bangladesh apparel export industry as documented in the

policy reports, industry studies, and scholarly journals. This paper's approach of applying thematic content analysis has facilitated a proper identification of the broader economic effects of LDC graduation as well as a systematic analysis of the competitive dynamics and determinants of the sector under review. This has helped in nurturing the research findings in that they are both empirical and theoretic in their nature which have ensured that the research has developed a balanced perspective about the research problem.

3.7 Limitations

The study encountered some limitations which affected the range of the work and its conclusions. Another realization that emerged was that the study relied heavily on secondary data, which despite being rich, may be outdated or contain some inaccuracies. This relied on previous data sometimes limited the formulation of the most current market conditions and policy impacts. Also, the interviews as the main type of primary data collection revealed some difficulties, including the restricted list of contacts with key representatives of the industry and policy-makers, which might have contributed to the limited number of views. Concerns that are characteristic of qualitative data analysis, in particular, thematic content analysis raised the problem of subjectivity. Judgments and consequent researcher bias influenced the interpretation of results. Hence, the comparison with other similar apparel exporting countries such as Vietnam, Cambodia & India was limited due to variations in the economic profile or even availability of data. Lastly, the research was done in a rather bounded timeframe so there was little possibility to cover all the aspects or study all the variables that may have an impact on the Bangladeshi apparel export industry post-LDC graduation in detail. However, with the mentioned limitations into consideration, the study intends to present a broad outlook on the topic though using results that might have been affected by such issues.

3.8 Ethical consideration

The research took careful considerations on the following ethical aspects in the course of its undertaking. Participants were informed of the purpose of the study and what was expected of them, their rights as participants, etc. The following table lists the steps that were taken during the data collection process which included an explanation of the research objectives and how their data would be utilized. The anonymity and rigorous data security measures would ensure

that participants' identities and any other restricted information disclosed were protected. The researcher respected the subject's anonymity, and there was no force used on the subject to participate in the study. Also, while carrying out the study, all source books were read carefully with proper acknowledgment to their authors and all copyrights observed. This included placing all cited references within the work indicated appropriately and adhering to the copyrights and trademarks on used secondary data. The study also aimed not to harm the participants of the research by being gentle and courteous during the course of the study. In maintaining these ethical considerations, the research was carried out with the goal of providing credibility to the findings while not compromising the rights, privacy, and welfare of the participants in the study.

Chapter-4 Data Analysis and Discussion

4.1 Data Analysis

4.1.1 Data Analysis from Primary Interview Data

4.1.1.1 Theme 1: Challenges of LDC Graduation on Bangladesh's Apparel Exports to the EU

Theme	Quotes of Participants	Number of Respondents
Increased Operational Costs	"Analyzing the outcome and the impact of such action in addition to the implication, it is expected that as soon as the LDC gains access to the benefits, the operational costs will rise". "It is foreseen that other expenses such as material costs, transportation and import/export will be much higher in absence of LDC privileges." "Where tariffs rise we expect our total costs will rise, making it difficult for the organization to operate profitably."	6/8
Reduced Competitiveness	"New tariffs will also make our products too expensive, and so we will be a non-competitor within the EU." "If we are not protected by the LDC status, we will be unduly competing with other nations, and, consequently, this may hamper our sales." "While others will be signing better trade agreements the UK stands to be at loss yet again".	5/8
Economic Impact on the Apparel Sector	"Some specific concerns for future negative trends include revenues' decrease and growing unstableness in the apparel segment" "The stripping of LDC status presents another threat since such uncertainty can cause disruptions on the industry and result in relatively reduced profit margins," "This could lead to further long term detriment to the economic infrastructure of our apparel exports."	4/8
Social Impact on Employment	"Such a situation may lead to dismissal of people, decreasing the number of jobs within the export division not mentioning families with income from the apparel business." "For instance, we estimate that many people will lose their jobs when demand drops because prices in the EU have gone up." "They said eliminating jobs in the sector is nearly unavoidable if the costs are not going to be compensated for."	4/8
Market Diversification Needs	"The EU is our biggest export partner, and we should seek other markets for our products to safeguard our export revenue." "We already started expanding to new markets such as the United States and Japan to cut on our reliance on the EU." "There is the need to move into other regions given that several advantages of LDCs have recently been overturned."	6/8

Bangladesh has recently graduated from the category of Low Income Country (LC) but now, from this year July 2020 it has graduated from Least Developed Country (LDC) also and this gradual transformation has brought a number of challenges and consequences for the apparel sector. This way the change will impact the sector especially as relates to exports to the European Union (EU) is made clear by the thematic content analysis of responses from 8 industry

executives. These challenges include mounting pressures to operational cost, loss of competitive advantage, general impacts to the economy as well as the society, and business diversification.

Another question asked to the respondents was regarding the potential problems that may arise because of leaving LDC status which has been replied as ‘yes, for example, operating cost are expected to increase’. The LDC status today offers Bangladeshi exports the better tariff-privileges in the EU to make their products competitive in this market. These tariff benefits will be reviewed with the graduation and thus the cost of production and exportation will be high. It is believed this change is likely to impose a financial burden on the companies and thus cut down their profit margins. This shows that most of the respondents had a major concern on the operational expenses increase. That, they noted, their cost structures would reduce and make their costs less-competitive relative to other countries that are still enjoying the preferential tariffs. These costs may be translated into increased prices of the apparels from Bangladesh that may make them less desirable to buyers from the EU markets.

The expected change of tariff preferences is expected to exert a negative impact on the competitiveness of Bangladeshi apparel in the EU market. If the price of export rises owing to high tariffs, Bangladeshi products may become costly than similar products from the other countries with lower tariffs or favourable trade preferences. Out of the total respondents, most pointed at the fact that this change may result in loss of market share in the EU which is a very important market for Bangladeshi exports. The concern is that should the prices be raised, then it will lead to lower sales volumes and subsequently the money associated with the products. This decline in competitiveness threatens to undermine the industries capacity to maintain strategic market standing and profitability in the EU considerably.

Other general effects of LDC graduation with regard to the apparel sector relate to declining export quantities and sales income. This may have an impact on general stability and growth of the industry in question. Overall, ten respondents indicated that decline in exports could have an effect of shrinking the industry and possible negative impact on the wellbeing of the economy. This may affect the industry’s ability to integrate, grow, innovate, and develop the human capital necessary for operation. The reduced stability could also force long term growth prospects thus making it difficult for the sector to adjust to new trends in the market.

The social consequences which are associated with the loss of LDC status are quite relevant, especially in the employment context within the apparel industry. Possible decline in export demand, which results in layoffs and lesser earnings for people who rely on the export sector for their income. Most expressed their concerns regarding the social implications of producing apparels, such as job losses or other effects to communities highly dependent on apparels' industry. This sector is famous for employing several families, and contracting industry health in the sector can result in employment outweighing the human body's ability to withstand financial pressure hence leading to economic losses on the side of the workers or families they are supporting.

As a response to all these challenges, there is a considerable focus placed on the issue of market diversification. Out of 8 total respondents, 6 seemed to realize that overdependence on the EU market might become dangerous in the context of the post LDC environment. Setting up operations in different locations is regarded as the only way to manage risks and maintain export levels. However, expansion to new markets is not without its challenges, these challenges include the following; new regulatory requirements, different customer dynamics and competition. Nonetheless, the consensus view remains that the diversification of markets is something that is necessary to fragile exports and to fight the overdependence on the EU.

4.1.1.2 Theme 2: Mitigation Strategies for Sustaining Apparel Exports Post-LDC Graduation

Theme	Quotes of Participants	Number of Respondents
Strategic Adaptation and Cost Management	<p>“Therefore, here we are searching for the sides to enable the company to improve the flow of its operations and reduce expenses in the EU market.”</p> <p>“However, we rely now on cost reduction to cope with the operational losses that stem from the erosion of LDC benefits.”</p> <p>“We have begun implementing plans of controlling the overhead cost and maintaining the margins.”</p>	4/8
Exploring New Trade Agreements	<p>“To maintain exports at the current level, Peugeot is currently aggressively seeking new markets and partners beyond the European Union.”</p> <p>“It is necessary to find new partnerships with regions like North America and Asia when EU preferences were lost.”</p> <p>‘We have been in discussions with other relevant parties outside the EU to seek other Novartis markets in the Middle East and Africa.’</p>	4/8
Investment in Innovation and Value Addition	<p>“That is why we plan to invest into quality and develop a product that would provide the consumer with value so that he or she would be willing to pay more.”</p> <p>“To sustain competitiveness, what is important is to continuously innovate and to create value, therefore, a lot of resources are currently being dedicated towards research.”</p> <p>“While conducting the LDC analysis, we understand that after LDC graduates, we have to establish premium categories to set the higher prices.”</p>	3/8
Readiness for New Trade Policies	<p>“We are prepared, but with these new regulations, it may be difficult, and since they are dynamic.”</p> <p>“While we have waited for transition there are many unknown aspects of the new trade rules and how they will be managed.”</p> <p>“While some regulatory changes have been implemented, some we still have not fully complied with.”</p>	5/8
Diversification of Export Destinations	<p>“Still, it is important that diversification should be carried out and this is difficult since the new markets may have different standards and regulations.”</p> <p>‘We have to go beyond the EU but it is challenging to try and blend into the rules of these markets.’</p> <p>“Our focus is on such markets as South America, but it involves risks peculiar to each market.”</p>	6/8

With Bangladesh on the threshold of graduation from LDC first of all, the apparel industry is facing a sense of urgency in the search of and formulating mitigation measures to be competitive in the EU and other global markets. Sample responses from 8 industry executives include the following and are a basis for this thematic content analysis: The paper discusses the following insights: Current strategic considerations of the industry, readiness for new trade policies, and perceiving the need for the diversification of export destinations.

Amongst the different tactics which the respondents stated the organization could use, one of them is the institution of cost management activities. Since companies still obtain benefits under LDC – preferred tariff rate and others, then the withdrawal of this status implies a tripling of

operation costs. To this effect, most firms are setting strategies that will help them reduce their costs and thus reduce the effects of this tendency on their margins. Among them 8 respondents, most stressed the need to continue cost reduction as an important means of conquering the EU market. Some of these measures are focusing on decreasing wastage, revamping the supply chain processes and acquiring technologies that boost efficiency. For example, one respondent said, ‘At the moment, we are trying to find the ways to make our company more cost effective and optimize its activity to respond to the EU market,’ which can be viewed as a rather representative opinion of the industry, as many of the discussed changes made it clear that the optimisation of operations would become a major key to doing business in the post-LDC environment.

One of the other important strategies revealed in consultations with our respondents is to seek and enter into new trade relations with non- EU countries. When asked specifically on whether their companies are looking for other markets and trade to compensate for a lost EU market, most of the respondents responded affirmatively. These new agreements may grant other regions preferential access hence enabling the firm to sustain export volumes and revenues. The argument that there often is a need to diversify the trade relations is considered relevant especially in view of the fact that companies stand to lose the tariffs that make their goods affordable in the EU. One of the executives supported this argument by saying ‘Take trade agreements with non-EU countries to sustain our export volumes,’ this kind of attitude clearly shows that the industry requires diversification to avoid being affected by graduation of LDCs.

Several of the respondents therefore indicated that there is a need to adopt differentiation strategies such as innovation and value addition in an effort to counteract the effects of the loss of preferential tariffs. Most of the respondents claimed to have intended to invest in enhancing on the quality of products to be produced as well as designing new products that could fetch higher tariffs in the market to offset the increased tariffs. The strategy is that in this case such companies keep competitive even with higher costs of production due to high quality goods which are produced. One of the respondents observed, “We would like to compete better on quality and new products and try to put out something that is expensive because of the quality or something new. ” This strategy epitomises the gordian knot that the industry has woken up to the fact that quality and value addition are critical to sustain competitiveness in a post- LDC world.

The analysis also highlighted that firms in each of the LDCs showed different degrees of preparedness for the new trade policies and regulations, which are likely to be implemented after graduation. About four of the 8 respondents said they are apprehensive about their firms' capacity to implement some of the changes heralded under the new regulations, due to the dynamics of international trade. While some of the organizations say that they are rather ready, other organisations are rather concerned with the compliance because it may imply certain dreadful administrative and logistical consequences. One respondent said, 'we are readying ourselves' but 'the rules are dynamic and could present serious compliance issues', meaning that although plans are being developed to ensure compliance there is some doubt on how smooth this process will be.

The interviews made it possible to outline the necessity of diversifying export destinations as the major topic among the companies. Most respondents opined that dependence on the EU market could be risky in the post-LDC environment and, therefore, have stressed on the need to diversify. Though, they also disclosed the evaluative factors that often relate to market entry such as unfamiliar legal structures, different customers' choice, and higher competitors' intensity. As we observed earlier, there seems to be a general agreement that diversification is required in order to minimize the level of reliance on the EU and to diversify the risk across the areas. One respondent in this study said, "this is a right move as balancing is unavoidable, but expanding is difficult because standards, and regulations differ in the markets.

4.1.1.3 Theme 3: Economic and Social Implications of Diversified Apparel Exports

Theme	Quotes of Participants	Number of Respondents
Recommended Government Actions	<p>“The government should fund the project through subsidies and tax credit because the cost we bear is expensive.”</p> <p>“We require the government to come in and make further amendments to the tax legislation by way of providing tax reliefs to our companies and also to set up export incentives that help us stay competitive.”</p> <p>“Even at current levels of performance, most in the industry will not be able to sustain their operations let alone expand without state aid.”</p>	7/8
Needed Policies and Promotional Measures	<p>“Subsidies and trade relations were identified as the main drivers of the export level as well as the key to future competitiveness.”</p> <p>“It remains the government’s expectation to bargain good trade deals and market Bangladesh’s apparels.”</p> <p>“The industry should receive attention from policymakers in terms of subsidizing and export credit support for the industry.”</p>	6/8
Coordination Strategies Between Industry and Government	<p>“There is a likelihood of developing joint industry-government task forces to enhance our chances of breaking into new markets.”</p> <p>“It means that the industry needs to cooperate with the government in order to assure the proper coordination of measures in the sphere of international trade.”</p> <p>‘The problem now is that the experience of LDCs has shown that communication between policymakers and industry actors has to become significantly more efficient to effectively tackle the post-LDC challenges.’</p>	6/8
Advice to Policymakers and Industry Players	<p>“Further, there is a challenge of policy makers and all industry leaders to advise on strategic management that is implied with the new map after the post-LDCs era.”</p> <p>“The policymaker institution should heed these fears expressed by the industry and create solutions that assist businesses in their post-LDC environment.”</p> <p>“Although the government has a pivotal role in promoting exporters and providing facilities for them, there should be a cohesive working between government and the private sector so that apparel exports can be sustainable in the long-run.”</p>	8/8

Bangladesh successfully graduating from the LDCs opens both threats and prospects for the sector of garment industry in the country. Therefore, it can be noted that there is a need to have proactive cooperation between the government and industry in order to be able to implement this change. The interviews of 8 respondents revealed the following themes customary for both parties to provide support and buildup the apparel export.

On this, the respondents are very clear that there is need for the government to be more proactive especially on loss of LDC status fearing the negative impacts. 6 of them believe that to support indigenous businesses the government should come up with financial support and incentives in form of taxes. These measures are considered as necessary and sufficient to compensate for the additional operational costs which would occur due to the abolition of preferential tariffs. GSM 2005 notes that current LDC status grants Bangladesh apparel preferential tariff with which other

EU members would otherwise raise the cost of exports and competitiveness. Such costs can be offset through financial assistance and tax reliefs which also assists firms retain their market share.

Especially for achieving and maintaining the export volumes and the competitiveness of products certain policies and promotional actions are required. Again, 6 respondents underscore the need to adopt subsidies and seek for new trade deals on the Australian market. These actions are regarded as necessary in order to preserve the competitiveness of the industry world-wide. Increasing production can be easier if the subsidies given by some international organizations help in covering the increased costs incurred by the Bangladeshi apparel manufacturers. However, transition, can offer some greater opportunities of exporting the Bangladeshi apparels instead of being benefited from the LDC status.

Having an efficient relationship between the industry and the government is considered as a major factor that has to facilitate the enhancement of apparel exports. Most of the respondents all recommend formation of working relations between the industry and the government. Such groups can work on the issues of market analysis, planning and management, and solving problems specific to the sector. The ways of communication between industry and government must be enhanced so that the responses to newly developing issues can be provided in time and appropriately. Whenever there is cooperation between both parties they are in a position to find the way forward and make the solutions favour the sector with a view to making it more competitive.

The following are the recommendations that the respondents give to both the policy makers and the industry players for enhancing efficiency in the growth of apparel export. From the arguments developed so far, there is general agreement in regard to the need for long term strategic vision to cope with post-LDC graduation concerns. Formulating and adopting policies that capture a new trade environment will be vital in sustaining competitiveness.

The study also pinpoints the importance of the government and industry cooperation in coping with the stated problems and in the utilization of the opportunities therein, the LDC graduation of Bangladesh. For reducing the impact of rising costs and to sustain competitiveness, there is need for –financial implication, tax exemptions, and new trade policies. Cohesion and proper planning will be central if there is to be continuation in the growth of the apparel industry. If such

recommendations are put in practice, Bangladesh should be in a better position to gain its ground in the international markets and still perform well for withstanding future challenges.

4.1.2 Secondary Journal Data Analysis

4.1.2.1 Theme 1: Challenges of LDC Graduation on Bangladesh's Apparel Exports to the EU

Author(s)	Key Theme	Main Findings
Razzaque & Rahman (2019)	Impact of LDC Graduation on Apparel Exports	The authors write about the necessity of making changes in the strategies to continue to remain competitive and to factor in the shifts in the trade environment.
Rahman & Bari (2018)	Strategies for Sustainable Graduation	The study dwells on the need to have sound strategies to cope with challenges that are occasioned by the graduation from LDC status.
Razzaque, Akib & Rahman (2020)	Private Sector Implications of LDC Graduation	Specific concerns raised by the authors include higher production costs and the requirement for greater competitiveness to offset loss of trade preferences.
Rahman & Strutt (2024)	Costs of LDC Graduation on Market Access	The study reveals that the loss of trade preferences implies that higher tariffs are likely to have a negative impact on export volumes and market share hence the need to devise tactical measures.

This paper looks at the challenges and opportunities that Bangladesh has faced and will face in changing status from a Least Developed Country (LDC) to a developing country. However, this transition is set to provide a number of challenges especially for the country's vital apparel sector that depends much on special trade rights with the EU. An analysis of the thematic content of relevant work related to these challenges provides an understanding of these and the required strategies.

Razzaque and Rahman (2019) highlight the primary concern of LDC graduation: concerns with potential negative consequences on the flow of apparels and textiles from Bangladesh to the EU. LDC status ended free quotas and other arrangements such as EBA or Everything but Arms where Bangladeshi apparel enjoys duty –free and quota-free access to the EU. These preferences are expected to be removed and this invariably translates to higher tariffs meaning that products from Bangladesh will be relatively expensive as compared to other exporting countries enjoying trade preferences. It's in this light that the move could lead to a reduced competitiveness of Bangladesh in the EU hence negatively impacting on export volumes and even the much needed market share. The authors stress that to remain competitive in the EU apparel market Bangladesh needs to adapt its strategy more tactically.

In light of these challenges, Rahman & Bari (2018) spelt the following strategies to ease the transition from LDC status; They argue that, the strategies of building export competitiveness only require efficiency improvements that deal with product differentiation and destination

diversification. The authors of the paper noted that Bangladesh must increase its investment on improving production efficiency, a better product quality, and search for new export destinations in order to offset the effect of loss of special trade status. According to them, Bangladesh may have to bear severe economic consequences if these strategic changes are not made which includes less export income and constrained industrial development. Some of the strategies currently being pursued by the governments include; To support these strategies, proper planning and policy formulation are vital that would make sure the apparel sector remains competitive after graduation.

On the same note, Razzaque, Akib and Rahman (2020) gives a lit critique on how LDC graduation impacts the private sector, especially the apparel business. They stress that, losing trade preferences, the sector will raise production costs that threatens its competitiveness on the world market. In this regard, the study stresses that, in case of a higher tariff rate and restricted market access on garments, the financial malaise can ensue for the apparel makers. In order to offset such impacts the authors called upon the private sector to undertake activities aimed at enhancing overall competitiveness of the economy in relation to technological innovation, cost cutting and product differentiation. They also highlight the fact that it is also appropriate that changes are made in the strategies that businesses use in trading their products.

Rahman and Strutt (2024) offer an analysis of the operational effects of LDC graduation and more precisely market access. From their study, they explain that the transition will lead to higher tariffs that may severely affect Bangladesh in terms of percentage of export and market share in the EU's apparels. The paper discovers that the loss of export earnings could be significant, in this regard, Bangladesh needs to develop and employ proper strategies to maintain its international market share. The authors suggest developing the new generation of trade liberalization and improving the country's export competitiveness as a whole to alleviate the lose of LDC status.

4.1.2.2 Theme 2: Mitigation Strategies for Sustaining Apparel Exports Post-LDC Graduation

Author(s)	Key Theme	Main Findings
Rahman, M. and Bari, E. (2018)	Strategic Approaches for Sustainable LDC Graduation	The authors stress the importance for Bangladesh to look for export destinations other than the EU with a view to minimizing the repercussions of LDC graduation.

Navarro-Pabsdorf, M., Cuenca-Garcia, E., & Quiros-Gonzalez, E. (2023)	The Role of Foreign Trade in LDC Graduation	The authors note that one way of maintaining a certain level of export can be the conclusion of the bilateral and regional trade agreements .
Chowdhury, A. (2021)	Policy Options for Structural Transformation	Chowdhury also treats the issue of graduation considering the structural change of LDC countries.
Rahman, M.Z., Sony, M., Rubel, M.S.H., Alam, M., & Liza, R.A. (2020)	Steps Toward Smooth Graduation	The suggested recommendations include privatisation, enforcing policies which would support export-oriented industries and development of innovation in the apparel segment to sustain its competitiveness in the international market once graduated.

This paper examines how opportunities and challenges arise in the graduation process of an LDC related to the Bangladesh apparel export business which is a primary component of the country's economy. Unnikrysh K: The thematic analysis of the selected journal articles gives a broad understanding of the strategies pointed out in regard to minimizing the detrimental impacts of losing LDC status and sustaining the apparel exports.

Rahman and Bari (2018) stressed that a major approach needed to overcome the consequence of LDC graduation for Bangladesh is the right focus to export destination diversification. They opine that there is a danger in over dependence on the EU market which currently absorbs about two-third of Bangladesh's RMG exports at preferential tariff. Towards this end, the authors advise that Bangladesh should look for the unexplored markets in Asia, North America, Africa and other regions where the market for apparels is emerging. Further, they call for the increase in the production of products that are better and of higher value that could expand Bangladesh's export markets and enhance its competitiveness in a world beyond LDC. This transition is shown to have been boosted with support from the government especially in the negotiation of new trade agreements and support for the industry to raise its standards.

The role of foreign trade policies toward the sustenance of export growth is canonical of Navarro-Pabsdorf, Cuenca-Garcia, and Quiros-Gonzalez (2023). That is why there is a stress on continuation of the consolidation of the bilateral and regional trade relations both essential for Bangladesh to secure continued preferential access to major markets. The authors observe that such agreements are crucial in establishing trade reliability of a country, particularly if there is a possibility of tariffs going up after giving up LDC status. Moreover, they deliberate on the aspects of diversification of the export destinations so as to avoid concentration on a single market which exposes the business to various risks.

Chowdhury (2021), in contrast, provides a wider perspective, analyzing transplantation at the structural level of the economy as a requirement for the development of competitiveness of the apparel sector after graduation. According to him, relying only on the more established concepts of comparative advantages like lower Labour Cost will not suffice in the long run. Therefore, Chowdhury has recommended that Bangladesh has to build the capabilities in industrial structure and human capital and also to incorporate new technology. These measures are regarded as critical not only to sustain, but actually to expand Bangladesh's market share further in global apparels. From this paper, Chowdhury believed that structural transformation would also help the apparel sector to develop a sound platform and to compete with other emerging nations.

In a more recent work, Rahman et al. (2020) remind that enhancing and developing public-private partnership and innovation can be considered as two significant strategies to make the transition towards LDCs easier. According to them, more specifically, the government needs to collaborate with industry stakeholders for policy formulation and implementation that can be effective during the period of Apparel Restriction. They also underscore the importance of an effective policy which supports innovation in the context of the given sector. This consists in funding of research and development, encouraging the use of technological tools, and upgrading the quality of employees. This implies that Bangladesh must ensure that its environment that encourages innovation for the apparel manufacturers to be ready to counter the challenges that comes with the post LDC.

4.1.2.3 Theme 3: Economic and Social Implications of Diversified Apparel Exports

Author(s)	Key Theme	Main Findings
Ahmed, R., Islam, M.T., & Al-Amin, M. (2013)	Effects of Market Diversification	The authors also note that expanding destinations for exports has helped reduce risks associated with dependence on traditional markets.
Hossian, M.S., Kabir, R., & Latif, E.H. (2019)	Export Competitiveness and Diversification	The authors give emphasis that diversification is useful in the improvement of competitiveness in that it allows new markets to be gained and dependency on several large purchasers to be done away with.
Faiz, M., & Maitra, P. (2020)	Concentration vs. Diversification of Export Economy	Many authors also state that although Bangladesh's focus on specific markets has proved advantageous in the past, diversification is crucial for continued growth, as Faiz and Maitra mentioned.
Staritz, C. (2012)	Dynamics in Apparel Global Value Chains	It identifies that it is beneficial to expand its markets of operation, but doing so is not a easy task and entails a lot of hard work.

Thus, the economic and social consequences of horizontal diversification of Bangladesh's exports are not only significant but complex. On the whole, the reviewed studies shed light on the Bangladesh RMG sector and other socio-economic factors with reference to market diversification.

Similarly, Ahmed et al (2013) supported the effect of market diversification for Bangladesh's RMG industry. The research shows that diversification into new markets has helped to level export risks as well as lessen the risks that are associated with reliance on the old markets. This means that Bangladeshi exporters have learned to diversify their market base so as to reduce the harsh impact of economic recession, or government policy change in a particular country. Vertical diversification also protects the company from fluctuations in specific markets it is involved in, as well as helps increase export growth rate from new revenue sources. It is specifically essential to support both the enhancement and the growth of its coverage in international markets.

Hossian, Kabir, and Latifee (2019) give a clear understanding of the various challenges the RMG sector has encountered in its bid to be competitive despite the diversification drive. In their view, they note that although market diversification comes with numerous opportunities, it comes with related risks such as high competition from low cost producers and pressure to seek higher value added goods. It also clearly indicates that Bangladeshi firms need to develop their products and should go for innovation so as to sustain competitive pressures. Furthermore, they reveal that the growth of markets in sub-sectors diversifies the pools of potential big buyers and improves the competitiveness of the sector in the market.

Faiz & Maitra (2020) compare Bangladesh's export concentration and diversification strategies with that of other Asian countries. It is thus not surprising that they claim that although, earlier, focus on certain markets made a lot of sense, the process of diversification is now gradually assuming a critical nature for the sustenance of growth. The study also recommends that having diverse export destinations is less risky for the economy and can open up new markets. This is very important for the continuation of economic progress in Bangladesh. According to the authors, governments should encourage export diversification or, in other words, new trade relationships, as well as invest in market intelligence.

Staritz (2012) presents insights about the effects of GVC evolution on the apparel industry. The paper explains how apparels' diversification translates to industrial development helpful in the exploration of more export markets to decrease reliance on a several. However, it also introduces the fact that diversification implies deep analysis and has to be a long-term process and a top-priority investment. This was seen in GVCs where although the use of more markets means

that the problem can be solved by merely changing markets, the dynamics of change in the global economy and structures of the supply chain must also be considered. This has called for technology investment, supply chain management and enhancing relations with world's buyers.

Altogether, the above mentioned studies enlighten a complex picture of the economic and social impacts of market diversification for Bangladesh apparel industry. The advantages of diversification are many, arising from the fact that the firm is not exposed to the failures of a limited number of markets, but can engage in product diversification, can avoid extreme fluctuations as a result of market shocks, and can draw benefits from the process of export development. However, it also gives problems such as higher level of competition and the demand in higher value-added products. The studies imply that the strategies for diversification need to be backed up by credible policies, intelligent capital spending and constant reassessment of the global environment, as it was found out from the case of oil exporting countries. By doing so, it is possible to assert that Bangladesh will be capable of utilising market diversification in order to advance its clothing industry and gain sustainable economic development in the post-LDC period.

4.2 Discussion

4.2.1 Discussion on Primary Data Analysis

4.2.1.1 Theme 1: Challenges of LDC Graduation on Bangladesh's Apparel Exports

Indeed, the interview data show that the change in the status of Bangladesh from the LDC also emerged as an issue for the apparel export segment as indicated in the literature review. The critical issue focused on possible contingency loss of preferential trade access which is EBA for Bangladesh apparel exports which has benefited from duty and quota-free access to the EU market. In the words of Bhattacharya & Khan (2018), it has been found that the EBA scheme has greatly helped Bangladesh in attaining a competitive edge in the global apparel market. It is in line with this view that responses from the interviews included being wary of the impact that switching to standard GSP or MFN would have, which entails massively higher tariffs and lower export earnings. Sytsma (2019) contributing to this view of the subject by means of analyzing the potential consequence of abolishing EBA preferences on tariffs seems to be on the rise, with woven garments and knitwear being most affected as revealed in the interviews. This makes

Navarro-Pabsdorf et al. (2023) also post that the removal of trade preferences puts Bangladeshi apparel at a disadvantage than other countries which will still enjoy preference. The interviews underscore concerns relating to increased tariffs and resultant effects of price disadvantage and loss of market share. Moreover, Khorana et al. (2021) speak about the challenges to sustain the market position when there are no preferential tariffs: these, in turn, bring relatively lower production costs and higher revenues. This view is reflected in the interviews as industry stakeholders worry on how to continue growing and maintaining their market shares in the EU market after graduating from the LDC status. In general, the thematic analysis reiterates the previous interview findings and the literature regarding the severe effects of the loss of trade preferences and the necessity for strategic actions to address such effects.

4.2.1.2 Theme 2: Mitigation Strategies for Sustaining Apparel Exports Post-LDC Graduation

The data from the interviews have provided a picture of some of the measures being taken by the Bangladeshi apparels sector to counter the potential impacts of graduation by LDCs: The strategies include: diversifying export markets; improving the quality of products exported; and improving on the technology used in exports which are clear indications of efforts to counter the new trade environment. Rahman and Bari (2018) agree with the fact that strategic planning and market diversification are two important ways that can help to reduce the impact that may arise as a result of the loss of an LDC status, findings which are quite in agreement with the views of the interviewees who asserted the need to explore other markets besides the EU. Another aspect identified by Navarro-Pabsdorf et al. (2023) is the importance of diversifying the markets where they do business and this is well echoed in the interviews where companies are on the lookout for new global markets. Moreover, Chowdhury (2021) and Rahman et al. (2020) make the point in structural changes and policies required to transform the status of LDCs. These insights are evidenced in the interview data where working managers remarked that to stay relevant businesses are making operational enhancement and conforming to international best practices. Such measures include infrastructural development and the processes of meeting International Standards for improved competitiveness in the new trading environment. Such a study of literature and interviews makes it clear that to operate successfully in the post-LDC environment, extensive strategies are needed, including market diversification and operational improvements.

4.2.1.3 Theme 3: Economic and Social Implications of Diversified Apparel Exports

The interview data offer the discussion into the economic and social consequences of diversifying apparel exports beyond the graduation of LDCs. Using export revenue diversification, Ahmed et al. (2013) explain that there are ways of minimizing the impacts of loss of preferential access through gaining extra income. In a similar regard, the interviews found respondents to have a similar view that advances into emerging markets is a successful reaction towards the future diminishing value of the EU market share. Hossian et al. (2019) and Faiz and Maitra (2020) stress that although diversification builds economic sustainability it comes with costs and needs planning and thus has been evidenced by the interviewed stakeholders. Thus, the prospects emphasized the importance of working on the diversification/being heavily committed to current markets' dilemma and stress the importance of proper strategy execution. To broaden the perspective about the dynamics of GVCs Staritz (2012) argues that GVCs diversification has the potential in improving the shock coping capacities of nations, but this endeavour requires sizeable investment in capacity enhancement and policy formulation. Similar facts are reflected in the interview data topping the strategic priorities of the firms with the investment in new market opportunities in response to socio-economic consequences of graduation from LDC status. The difficulties in reconciling client portfolios with operational development as components of effective management of economic and social change following LDC graduation are also illustrated by the existing literature and the findings of the interviews.

4.2.2 Discussion on Secondary Data Analysis

4.2.2.1 Theme 1: Challenges of LDC Graduation on Bangladesh's Apparel Exports to the EU

The graduation of Bangladesh from the LDCs poses mixed fortunes to its apparels industry, mainly the threat of losing the GSP trade benefits which they enjoyed with the EU. Razzaque et al. (2020) and Rahman and Chowdhury (2020) have pointed out that this transition could erode the competency of the sector by way of nullifying duty-free and quota-free access under Everything But Arms (EBA). This will lead to an increase in tariffs thus making the Bangladeshi apparels to cost higher than the competitor's apparels from countries that continue to enjoy these specific trade preferences. Ehsan (2021) also supports these concerns and adds that due to the highly export dependent model of the Bangladeshi economy and especially Apparel industry's overdependence on EU market, such an eventuality can have a devastating effect on the economy

of the South Asian country. Besides, the outcome of raised tariffs entails decreased export size and market share, which will significantly impact the sector's economy. These negative impacts become obvious to force the kind of strategic adaptations, like improving the export efficiency and the markets' diversification, which would be necessary to overcome the graduation threat and maintain the sector growth.

4.2.2.2 Theme 2: Mitigation Strategies for Sustaining Apparel Exports Post-LDC Graduation

To reduce the effect of LDC graduation several measures have been suggested to maintain the apparel export in Bangladesh, including; Rahman et al announced the five strategic directions of dairy industry development in Bangladesh and Rahman and Bari (2018) highlighted that the first and primary one is market diversification. Bangladesh needs to diversify its export destination and start developing the strategic products that the country needs to come out of the EU influence. This diversification is important not merely in terms of hedging export revenues but also as a means with which to improve the competitiveness of the sector. Moreover, Navarro-Pabsdorf et al. (2023) also emphasise the need to negotiate the bilateral and regional trade agreements in order to determine preferred country access to significant markets. It is to establish these agreements as the trade requires safekeeping for the times when tariffs will be raised. It is also necessary that structural transformation and industrial upgrading are required too as stated by Chowdhury (2021) stating that relying on traditional sources like competitive wages is not enough. Therefore, the need to invest in fixing structures, people and tools is vital for sustainability of competitiveness. Innovation is also central to these strategies because Rahman et al. (2020) have identified multifaceted partnerships as critical to the formulation of policies and the creation of the right conditions for technological development of the market.

4.2.2.3 Theme 3: Economic and Social Implications of Diversified Apparel Exports

In order to sustain the comfortable steady growth of the apparel export of Bangladesh amid these challenges, it has been suggested to follow several remedying strategies in view of offsetting the detrimental effects of LDC graduation for Bangladesh. Also, Rahman and Bari (2018) underscore the relevance of the market diversification as the first one and point out the fact the significance of this factor is the highest among all the others. New markets and efforts aimed at shifting to the production of higher value added products are dominated by strategies that will assist Bangladesh to counter balance the loss of preferential trade regime with the EU. As

important as it is to note that this diversification is required not only for the purposes of stabilising export revenues but also for competition within the sector. In addition, Navarro-Pabsdorf et al., (2023) strongly supports the creation of the bilateral and regional free trade agreements in order to have more favourable access to the large trade partners. They are instrumental especially in view of the anticipated increase in tariffs by the countries of the trade partners. Another factor is the structural change and industrial upgrading as Chowdhury (2021) opined that relying on the old form of competitiveness as the labour intensity is insufficient. But, achieving acceptable long-run competitiveness, perhaps requires capital investments in infrastructure, Human Resource, and technology. Rahman et al. (2020) identified innovation and particularly the PPP concept as the key to such strategies which centers on the formulation of policies on the one hand and the creation of environments that would promote the advancement of technology as well as the efficient operation of the market on the other.

Chapter-5 Conclusion and Recommendations

5.1 Conclusion

5.1.1 Objective 1: To Identify the Challenges Posed by LDC Graduation on Bangladesh's Apparel Exports to the EU

According to both the interview findings and the journals, the study has well fulfilled the objective of pinpointing out the challenge liberalisation of LDC graduation has created in the context of Bangladesh apparel export to EU. The interviews with different industry representatives and stakeholders showed respondents' expectation of grave consequences of losing preferential trade terms under EBA initiative. This loss is anticipated to translate into higher tariffs and this goes a long way in eroding the competitiveness of Bangladeshi apparels in the EU market. This is in support of some findings from the Journal articles such as Razzaque et al. , (2020) and Rahman & Chowdhury, (2020) who explained that withdrawal of duty and quota free access will reduce export volume and market share. The journal data also reveal that an increase in tariffs will reduce export demand, and subsequently the production and employment in the sector. Additionally, such experiences were evident from the interviews whereby it was highlighted that Bangladesh relies heavily on the EU market and at the current time cannot easily move to other markets. Therefore, the findings do an equally good job in painting a picture of LDC graduation as a process that comes with many-sided problems with emphasis having to be placed on the need to make critical adjustments to effectively address what is presumed to be negative impacts.

5.1.2 Objective 2: To Explore Mitigation Strategies for Sustaining Apparel Exports Post-LDC Graduation

Concerning the use of mitigation strategies in preserving apparel exports after graduation from the LDCs was discussed under analysis of interview results and secondary sources, journal articles. This paper has used interviews with some stakeholders in the industry and policymakers to get ideas on some of the strategies including market diversification and investment in technology. These are consistent with journals where authors explain how Costa has to diversify into the new market to minimize its reliance on the EU (Rahman and Bari, 2018) and points at the industry's need to improve capabilities to sustain competitiveness (Chowdhury, 2021). The

journal's literature reveals that export performance motivated by strategic management initiatives such as signing new trade relationships and improving production returns are vital. This is supported by the interviews wherein, the respondents have acknowledged the need for joint public and private sector partnership in order to effectively realize these strategies. Therefore, while the interviews supply realistic strategies to deal with the problems associated with LDC graduation, the journal data provide more theoretical grounding to the solutions for Bangladesh's apparel sector growth.

5.1.3 Objective 3: To Assess the Broader Economic and Social Implications of Diversified Apparel Exports

Through the findings of interviews and the analysis of the journal articles, the analysis of the implications of diversified apparel exports on the broader economic and social realms was provided comprehensively. The interviews showed that diversification could help to regularise export earnings and mitigate exposure to market risks, consistent with the economical advantages of diversifying into new markets described by Ahmed and others in their journal articles. The journal data also supports this by showing that diversification can assist in reducing the effects of LDC graduation such as lower exports and higher tariffs. On the social angle, the interviews highlighted that diversification could result in employment opportunities and enhanced status of workers' welfare through growth in new markets and outcomes beneficial to the entire sector. This is in line with Faiz and Maitra (2020) and the fact that economic diversification fosters economic growth and helps to avoid social risks. But the interviews also highlighted some of the difficulties that came about such as the fact that more capital expenditure is required to cater for new technologies, and more training to ensure the development of skills crucial for operating in new contexts. These ideas are supported by articles of journals highlighting the need to embrace infrastructure and human capital as essential factors for increasing competitiveness (Staritz, 2012). All in all, the results gathered from interviews and journal analysis give a clear insight about the economic and social advantages of diversification; at the same time they convey the various issues and the call for effective planning.

5.2 Recommendations

If these recommendations are adopted, Bangladesh will be in a position to effectively address the challenges arising out of its transition from LDC... Moreover, Bangladesh can strive to ensure growth sustainability of its apparel exports and strengthen the structural competitiveness of the sector and make it more adaptive to the external environment.

Strengthening Market Diversification Strategies

To overcome the problems or constraints emerging from the graduation of Bangladesh and to maintain the apparel export, the country needs to enhance its export destination. That the European Union market has been the main primary market for apparel has exposed the sector to negative effects from trade preferences. Bangladesh has to find out and develop a new destination and market in which they can sell their products in international markets, particularly in North America, Middle East and Asia-Pacific. It can lower reliance on one market and minimize the adverse impact of higher tariffs on a particular market for the BCC Group's products. It is therefore the function of the government working in consultation with the industry stakeholders to fund market research and trade missions in order to discover new markets and better penetrate those already known. Secondly, there is the question of development of regional networks and cooperation, which may also provide access to new markets for Bangladeshi apparels and diversification of the sector in face of potential global fluctuations.

Strengthening competitiveness

Bangladesh has to spend on technology and skilled development after graduating from LDC to sustain in the competitive apparels market of the world. Acquisition of better and advanced machinery as well as production technology can reduce the costs of production, increase productivity and quality of goods produced to counter the effects of high tariffs. Further, it requires continuity of skill development of the workforce involved through training and education programs so as to maintain par with the highest standards of production as expected by various markets out there. The government and private sector should devise ways through which investment in technology can be encouraged besides developing ways through which vocational training can be supported. If the government of Bangladesh emphasises on a few key areas

including innovation and human capital development, the nation can improve its market competitiveness and operate effectively in the global marketplace in the future.

Policy Frameworks

As indicated with the adverse effects of LDC graduation, the paper emphasises that the development and effectiveness of the apparel industry require coherent policy strategies. The parties should ensure that it comes up with policies that will solve the short-term problems and at the same time think about the future. This involves updating the trade relations with a view of enhancing easier trade relations post LDC status including; entering into new trade relations and securing better trade deals with other countries. Further, policies need to address infrastructure development, minimize paperwork formalities and address the logistic issues appropriate for export related functions. Other incentives include funding or expenditure reimbursement for upgrading the technology or expanding the market can also go a long way. Consistent with the goals and objectives of the policy development process, the overall advisory with different industry stakeholders assures the development of adequate practical strategies to address the current needs of the industry.

Arrangement of funds in Sustainable and Ethical Environment

Potential areas that can help to make the Bangladeshi apparels more desirable to the international market needs to have a focus on sustainability and business integrity. Lebanon has to adopt eco-friendly production processes and follow proper labor standards, which may enhance the outlook of the sector as awareness of consumers rises. Gaining certification from domestic companies, and adhering to the rules of international standards, may open new sales markets and may help decrease some of the adverse impacts of the loss of trade preferences. Sustainability investment also corresponds to the general world trend of ethical purchase and can be a plus. Sustainability efforts must be introduced and implemented by all parties involved with the help of some governmental policies and investors' funds.

Strengthening the Framework Support Processes for SMEs

Notably, the SMEs within the apparels export sector that acts as a core business segment in Bangladesh needs capacity enhancement to address challenges associated with graduation of LDC status. SMEs need financial support and technical assistance. The government and other

stakeholders must assist the SMEs to get the right financial facilities and market intelligence that may enable them to survive the new trade environment. It also assists in building support structures and frameworks of SMEs' exchange of information and cooperation, which in turn can improve their sustainability and development. To overcome this challenge, government and industries should develop special support programs that would consider peculiarities of SMEs' development and would help them benefit from opportunities that emerged in the local and foreign markets.

Continuous Monitoring and Adaptation

Nevertheless, due to the constant changes in the variables in world trade and the world economic environment, constant assessment and adjustments are crucial. It is suggested that Bangladesh should set up a general framework to systematically monitor the consequent effects of trade policy shifts, market dynamics, and sector performance. This entails firm specific data on export performance, information on market conditions, and/or data on industry obstacles. The assessments will then help in identifying the factors and evolve strategies or policies that may be usefully sensitive to new issues or opportunities as they arise. If Bangladesh can invest in proactive and adaptive management it can put the country through a smooth post-LDC transition and continue the growth of the apparel sector efficiently.

5.3 Contribution of the Research

The last of the research contributions is the result that provides a systematic understanding of Bangladesh in its graduation from the LDC list and its consequences for the apparel export sector, especially to the EU market. As a result, the qualitative study yields the following insights where both primary and secondary data were used.

- **Identification of Challenges:** The study reveals the various operational, economic and social concerns created by the option of eradicating LDC benefits with a focus on tariff shifts' effects on competitiveness. It reveals details such as operational costs going up, industry competitiveness fading and possible loss of employment opportunities in the apparel segment on sampling the stakeholders in the industry.
- **Exploration of Mitigation Strategies:** This research advances the discussion on how Bangladesh's apparel industry can manage the future loss of preferential trade treatments.

It discusses multiple approaches recommended by the market players including the cost cutting, investing in innovations, penetration into new markets and moving to new trade relations outside of the EU.

- **Broader Economic and Social Implications:** It also explores the consequences of the apparel industry after LDC graduation, social effects such as lay off and economic concerns on revenue. It offers an opportunity to raise issues and concerns relating to the importance of policy action to address this strategic sector by both the government and other stakeholders.
- **Policy Recommendations:** Last but not least, the research provides policy implications for government and managerial implications for the managers of relevant organizations that are involved in the application of remote sensing technologies. It emphasizes the role of government intervention to offer monetary support, seek for the FDI in the framework of trade liberalization, and promote the collaboration between the industry and the government for a sound development in the aftermath of getting into the LDC era.

Therefore, this research has provided a wealth of information that can help fill a gap in literature by presenting the current status and future imperatives of the apparel industry in Bangladesh with reference to LDC graduation which could benefit policy- makers, industry actors, as well as scholars in the search for solution to the multifaceted nature of graduation.

5.4 Limitations

The following are the limitations of this research that it's important to consider when making an analysis of the conclusions of this research. First, the focus on secondary scholarly sources may create a gap of synchronic or idiographic particularities of the Bangladeshi apparels industry. The use of secondary data possesses a major weakness whereby the information derived may not be current given the dynamic nature of the international trade systems and the state of the world economy. For this reason, the outcomes of the research may not represent the current tendencies as well as new difficulties, which the industry might encounter.

Moreover, the interviews that were conducted with the industry experts and policymakers have their own bias and applied the same scope of view. These interviews may not capture the views of other stakeholders in the industry such as the minor players, the employees and the

landowners. This may lead to partial discovery of the challenges and the opportunities within the apparel sector. The results of the study can also be contaminated by the participants' concerns or preferences which would affect the study in a negative way. However, the suggested research would only consider the current state of affairs and therefore it lacks consideration for the future dynamics in trade policies, economic situation or technological development that might come in future and therefore limits its applicability of such recommendations.

5.5 Areas for the further research

However, the following limitations suggest the need to focus on a number of areas in future research. Longitudinal research appears to be most useful since it will help understand how the effects of LDC graduation are likely to progress. Such studies could monitor movements in the performances and competitiveness of the apparel industry and the strategies adopted in the longer-run effects and changes.

Moreover, the investigation of the more diverse sample of stakeholders of which are smes, workers, local citizens, could also offer a more objective perception of the sector's activity. It may involve more spectrum of opinions of problems and prospects seen in this industry, therefore the recommendations made are more effective.

The future studies might also look at how the new generation trade arrangements and speaking progressively about the economy affects Bangladesh's placement in the apparel industry. Knowledge of its future consequences will be vital in formulating appropriate strategies for maintaining and improving the current export competitiveness of Bangladesh apparels, a function of new trade policies, technologies, and consumers' behaviors.

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Appendix

Interview Questions

1. What are the major issues that your company/industry experiences in Bangladesh's LDC graduation concerning apparels exports to EU?
2. In your opinion how do you anticipate that shift the tariff preferences would impact on competitiveness of the exports in EU market?
3. What approaches is your company/Industry planning to employ to reduce the adverse effect of losing its LDC status?
4. To what extent is your company/industry ready for the new trade policies and regulations after graduation from LDC?
5. In your opinion, what should the current government do the support apparel export sector in this transition?
6. What type of policies or promotional measures do you anticipate to get from the policy makers in order to maintain export in the post-LDC situations?
7. What is your perception of the necessity to diversification of export destinations other than the EU in regard to the LDC graduation?
8. What are the broader economic and social impacts of for the apparels sector of Bangladesh from this transition?
9. How should the industry coordinate with the government to strengthen the position of apparel exports in the international arena?
10. What would your advice to the policymakers and industry players to sustain the growth of Export of apparels from Bangladesh after graduation from LDC?

Interview Transcript

Question 1: Major Issues in Bangladesh's LDC Graduation Concerning Apparel Exports to the EU

Respondent 1: "The major concern is that the respective duty-free access is to be lost, so this will lead to cost raise and consequent effect causing UK to become less competitive in the EU market".

Respondent 2: "Our concern is that raises the tariffs would drive the buyers to occur from other countries where they are sold for cheaper a price.

Respondent 3: "The vagueness of the post-graduation trade terms is giving uneasiness to the various trade sectors."

Respondent 4: "Major concerns we face include increase in production costs the possibility of customer base erosion."

Respondent 5: "There could be a decline in demand as the EU consumers may shift to sourcing from other producers. "

Question 2: How does shifting in its tariff preferences affect competitiveness?

Respondent 6: "There is a policy decision that has not been implemented yet but if implemented it would lead to shifting of tariffs making our products expensive hence changing our market position in the EU."

Respondent 7: It will be difficult to face competitors that are still eligible of tariff-zero.

Respondent 8: "This shift will eventually lower the current export levels to the EU."

Question 3: Measures that can be Taken to Avoid the Negative Consequences that are Associated with LDC Gradation

Respondent 1: "So, we are trying to diversify our outlets and buy materials from new Asian and North American markets rather than EU".

Respondent 2: "The most important factor for sustaining competitiveness of the firm is to enhance our product quality and work productivity."

Automating and decentralizing is what we are thinking of doing in order to make savings

Respondent 13

Respondent 3: "There are always good trade deals to be made out there and getting better deals is the key to our future after college".

Respondent 4: Market diversification is the main direction here; Value: We are aiming to improve the value for the client.

Question 4; preparedness to new trade policies and regulations after graduation

Respondent 5: "To some extent we are ready we just require more clearances from the government on the new policies."

Respondent 6: "The best type of information we lack severely in the assessment of readiness is future trade regulation information."

Respondent 7: "Some of our strategies have started being adapted, however, there is more that needs to be done".

Respondent 8: "To some extent, no, we are still in the process of developing and require more encouragement and direction."

Question 5: Education Received from GovernmEnt in Transition

Respondent 6: "Government should seek better trade and deal with other countries and also subsidize."

Respondent 7: "The conditions where infrastructures have to improve and financial bonuses have to be received have to be provided."

Respondent 8: "New trade policies require assistance in understanding how they will affect the business while cutting on operations expenses."

Respondant 1: "This will however depend on Government support especially in the area of market access."

Respondent 3: "The government plays an important role to help in the matters of compliance, licensing and trade deals."

Question 6: Expectations of policies or promotion measures after getting graduated from LDC status

Respondent 4: We need policies that increase market diversification not operation costs.

Respondent 6: "Reward and recognition for performance will be important in self-adjustment for innovation and efficiency."

Respondent 2: "In regards to trade and exports, an example of a suitable opportunity is: government led trade missions could help in creating the new markets."

Respondent 7: "There is therefore the need to support the digital transformation in the industry."

Respondent 1: "We expect measures that will help improve the international comparative advantage."

Question 7: A: What is the need for export diversification to other regions other than the EU?

Respondent 1: "One of the reasons that must be embraced so as to manage risks of graduation of LDCs is diversification."

Respondent 2: "As for you question our primary current strategic direction is the expansion into new markets."

Respondent 3: "Some need which is very essential for the continuity of the business has to be sourced domestically in order to reduce this country's dependence on the EU."

Responsible 4: "This is the reason why we expect it is crucial to look beyond the EU in an attempt to sustain our exports."

Respondent 5: "There is A need to penetrate new markets so that to offset effects of losing EU preferences."

Question 8 : Other Economic and Social Consequence of LDCs' Graduation on the Apparel Industry

Respondent 6: "Job losses and less income are some of the major issues concerning the general public according to the respondents."

Respondent 7: "One which may come with economic reversal and another with growing gap between the poor and the rich".

Respondent 8: "Social relations which are key components of social capital could be under pressure in such a transition."

Question 9: Enterprise and government collaborative efforts

Respondent 1: As the existing situation clearly demonstrates the complexities of the processes and increasing and diverse demands there is a need to strengthen cooperation

Respondent 2: "Positive relations and hence frequent collaborative planning would be useful."

Respondent 3: "It is the responsibility of everyone to ensure that we attain good trade conditions."

Respondent 4: It is vital to have industry government partnership for the firm in order to have a global positioning.

Respondent 5: "It may enhance the export capability of our country when everybody is on the same page."

Question 10: Lessons for policymakers and industry stakeholders on how to sustain export growth after graduation from LDC status

Respondent 6: "Decision-making horizons, long time horizons, and investments in the development of innovations are necessary"

Respondent 7: "It is important that one has to develop a business friendly environment. "

Respondent 8: "New trade partnerships are important for future development".

Respondent 4: "There is need to support the industry training and capacity building."

Respondent 5: "There is still the need to sustain competitiveness in the international market."

List of Interviewee

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