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TRANSFORMING BANGLADESH'S LEATHER SECTOR FOR SUSTAINABLE GROWTH AND GLOBAL COMPETITIVENESS

Selim Raihan and Sudeepto Roy

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Transforming Bangladesh's Leather Sector for Sustainable Growth and Global Competitiveness

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Abstract

This paper examines the paradox of Bangladesh's leather industry: a sector rich in history, raw materials, and export potential, yet constrained by deep environmental, social, governance, and structural deficits. Tracing its evolution from the early tanneries of Narayanganj and Hazaribagh to the relocation to Savar, the paper shows how a strategy that was meant to usher in eco-friendly industrialisation has instead reproduced old problems in a new location. Despite generating around US$1 billion in exports and nearly 200,000 jobs, the industry remains locked into low-value crust leather exports, weak value addition, and heavy dependence on a few external markets.

Using a mixed-methods approach that combines secondary data, policy and regulatory review, and key informant interviews with policymakers, tannery owners, workers' representatives, and environmental specialists, the paper provides a diagnostic of the sector across the value chain. It documents severe failures in effluent treatment at the Savar CETP, widespread workplace health hazards, fragmented and weak enforcement of environmental and labour regulations, and major barriers to meeting international compliance benchmarks such as LWG and ZDHC. These weaknesses, together with technological gaps, skills shortages, and underdeveloped backward linkages, prevent Bangladesh from accessing premium markets and fully exploiting its raw material advantage, especially in the context of LDC graduation and tightening global sustainability norms.

On this basis, the paper proposes a strategic policy framework built around three pillars: (i) environmental sustainability and compliance, centred on rehabilitating CETP performance and enforcing "polluter pays"; (ii) strengthened governance and institutional capacity, including a dedicated Leather Sector Development Authority and a comprehensive long-term leather policy; and (iii) enhanced competitiveness and market positioning through a shift to branded finished goods, support for international certification, skills and R&D investments, and a "Bangladesh Leather" brand. A phased implementation roadmap and KPIs are set out to align environmental stewardship, export diversification, and long-term economic resilience.

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1. Introduction

Background and Context

For years, the leather industry has been a major part of Bangladesh's economic narrative. And its roots are deeply bound up with the country's farming past and industrial aspirations. Since then, leather has developed from a small craft industry into one of Bangladesh's thriving export sectors. In other words, this is not a new sector struggling to find its identity; it is one that has matured through cycles of growth, disruption, policy experimentation, and, at times, neglect.

History stretches back to the 1940s, when the first tannery was set up in Narayanganj. It was later shifted to Dhaka's Hazaribagh, which became the nerve center of tanning activity for half a century. By 1965, the area had roughly 30 tanneries - most of them owned by West Pakistani businessmen. After independence, the picture changed dramatically. All tanneries were nationalized, and the newly formed Bangladesh Tanneries Corporation (BTC) controlled 24 tanneries by 1972. The government's decision to set up the BSCIC Tannery Industrial Estate at Hemayetpur, Savar, in 2003 – which spans around 200 acres of land – was a watershed moment. It was supposed to be a solution to an enduring crisis: toxic effluent from Hazaribagh's tanneries, flowing directly into the Buriganga River. The shift to Savar, at least in theory, epitomised a progressive era of eco-friendly industrialisation (Alam, 2023).

Yet the sector's evolution has been uneven. Bangladesh today produces around 35 million square feet of leather each year and hosts more than 200 tanneries. With just 2.4% of the world's livestock, it benefits from a competitive advantage in that it has access to raw hides and skins - an input factor for which competition is strong by definition. The exports of leather have hovered around USD 1 billion in recent years. This is a reminder that the sector still has enormous potential.

Bangladeshi leather is widely appreciated for its quality, especially bovine and ovine skins, which underpin its foothold in the global footwear and leather goods markets. The country accounts for roughly 1.13% of global leather production, relying heavily on its abundant domestic raw materials. Leather and leather goods consistently rank as the second-largest export earner after Ready-Made Garments (RMG). In simple terms, leather is one of Bangladesh's strongest candidates for export diversification. It already exports split, finished, and crust leather, giving it a broad base. But the irony is hard to miss despite its natural advantages; the sector remains underdeveloped, stuck between its old strengths and the demands of a rapidly changing global market.

As Bangladesh debates the risks of depending too heavily on the RMG sector, the push for export diversification has become stronger and more urgent. Leather, viewed in this light, is not just a choice but a sector with the potential to generate value-added, design-led competitive products for global markets. If Bangladesh can make that shift to sustainability, compliance, and innovation, it has a shot at cornering a niche in the ethical leather segment, one that is gaining more value in global markets.

Problem Statement

And yet, beneath the surface, the sector is weighed down by serious environmental, social, and governance failures. One issue towers above the rest: the long-troubled Savar Tannery Estate. The Central Effluent Treatment Plant (CETP), the centerpiece of the estate's environmental management system, has never functioned the way it was supposed to. Instead of treating toxic waste, it often allows it to flow into the Dhaleshwari River. This means that the estate, which was expected to symbolise a clean break from Hazaribagh's pollution, has reproduced many of the same problems - just in a new location. Put simply, the environmental crisis has not been solved; it has merely shifted from one river to another.

Workers are paying the price, too. Exposure to hazardous chemicals, unsafe working conditions, and inadequate waste-handling systems continues to affect the health of thousands of tannery employees. When global buyers talk about sustainability and ethical sourcing, these are the very issues they examine. And Bangladesh, unfortunately, is falling short.

Another challenge is the sector's struggle to meet international compliance standards. The failure to fully comply with both environmental and labor standards has meant that Bangladesh can't capture what some call a "Bangladesh Premium" - the proposition that goods from there produced in an ethical fashion could be made to sell at higher prices. In a world where consumers increasingly look for clean supply chains and responsible production, non-compliance represents not just an ethical problem but a strategic economic loss. What this implies is that the sector risks being locked out of high-value global markets simply because it has not adapted to new global norms.

Compounding these problems is the industry's continuing dependence on low-value exports such as crust leather. Instead of graduating up the value chain to finished leather goods, where profit margins actually exist, the industry clings to a commodity mindset. This stagnation is reinforced by technological backwardness, an under-skilled workforce, and governance structures too weak to enforce meaningful change.

When left unresolved, these issues could prevent the leather industry from maintaining its position in the export economy and even advancing to take a lead role in sustainable leather manufacturing.

Purpose and Scope of the Paper

Against this backdrop, the purpose of this paper is to undertake a diagnostic review of the sector and lay out a strategic policy framework for reform. The goal, after all, is not to recite problems but to grasp the sources and put forward clear-cut remedies. The analysis will look at the overlapping strata of environmental despoliation, absence of compliance, enervated infrastructure, and compromised institutions, which together stymie the sector. The scope spans the entire value chain: from raw hide collection and preservation to tanning and manufacturing processes, and finally to the export of finished goods. The paper follows three central dimensions. First, the environmental and social challenges that form the working conditions of the sector. Second, there are governance

and regulatory voids that hinder enforcement and accountability. And third, the structural constraints that handicap competition in world high-value markets.

Equally important is the role of the sector's stakeholders - government agencies, private tannery owners, associations, foreign buyers, and labor groups. A sustainable turnaround is impossible without coordination among these actors. For this reason, the paper draws on international experiences, examining how countries such as Italy and India have modernized their leather clusters through technological innovation, strong regulation, and sustainability-led branding. These examples offer important lessons for Bangladesh.

In the end, the objective is to suggest a model of congruence between environmental stewardship, competitive advantage, and societal wellness. It is not only about boosting export earnings but also putting Bangladesh's leather industry on the global map as an ethical and sustainable production hub. Strengthening this sector is also essential for diversifying the country's export basket and building long-term economic resilience.

Methodology

This study is grounded in a review of existing literature, government policy documents, regulatory frameworks, and international and domestic trade data. In order to balance such desk research, stakeholder interviews captured perspectives that are not always evident in formal documents. These discussions included Key Informant Interviews (KIIs) with policy makers, tannery owners, leather goods makers, environmental specialists, and labor representatives. By combining documentary evidence with firsthand perspectives, the methodology ensures that the analysis reflects both the technical complexities of the sector and the lived realities of the people who operate within it.

2. The Current State of the Bangladeshi Leather Sector

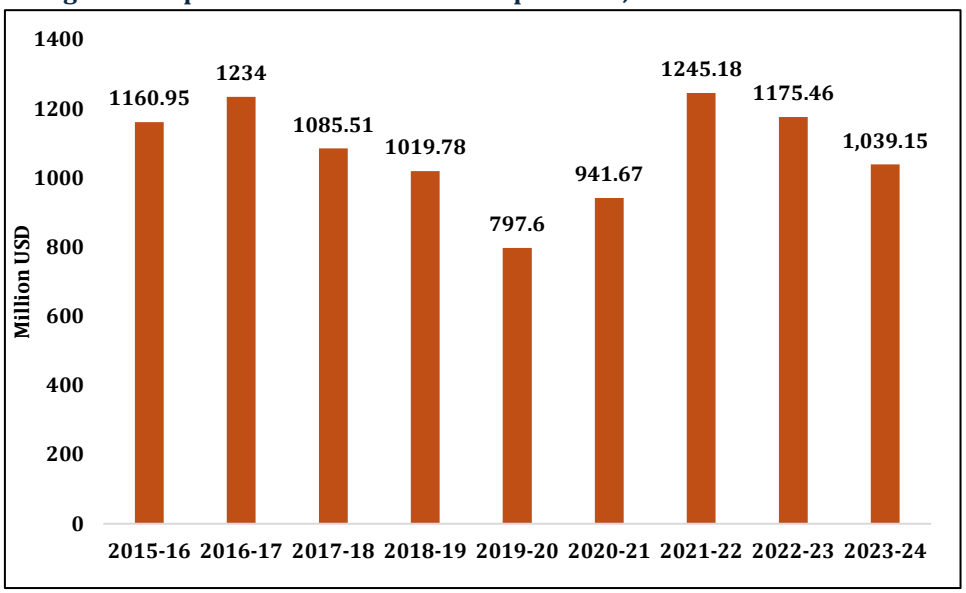
Economic Significance

The leather industry is a major segment of the economy in Bangladesh, accounting for a large portion of Gross Domestic Product (GDP) and export earnings as well. In FY 2023-24, the leather and leather goods sub-sector earned export revenue of around US$1.04 billion, second only to the RMG sector in terms of exports. This export process holds a significant position in the total export earnings of Bangladesh, indicating that the leather industry can be one of the foremost contributors to the national economy. The contribution of the sector to the national GDP is 0.5%. While this might be on the lower side as compared to other sectors such as RMG, it is significant anyway for its potential to grow and diversify the country's export basket, cutting dependency significantly from RMG.

The export trend of leather and leather products from FY2015-16 to FY2023-24 is provided in Figure 1, which clearly has a volatile nature but is characterized by a lack of uniform progress. After reaching US$1.23 billion in FY2016-17, exports began a gradual decline, culminating in a pronounced contraction in FY2019-20, when earnings fell to US$797.6 million - the lowest point in the nine-year period. This downturn marks a

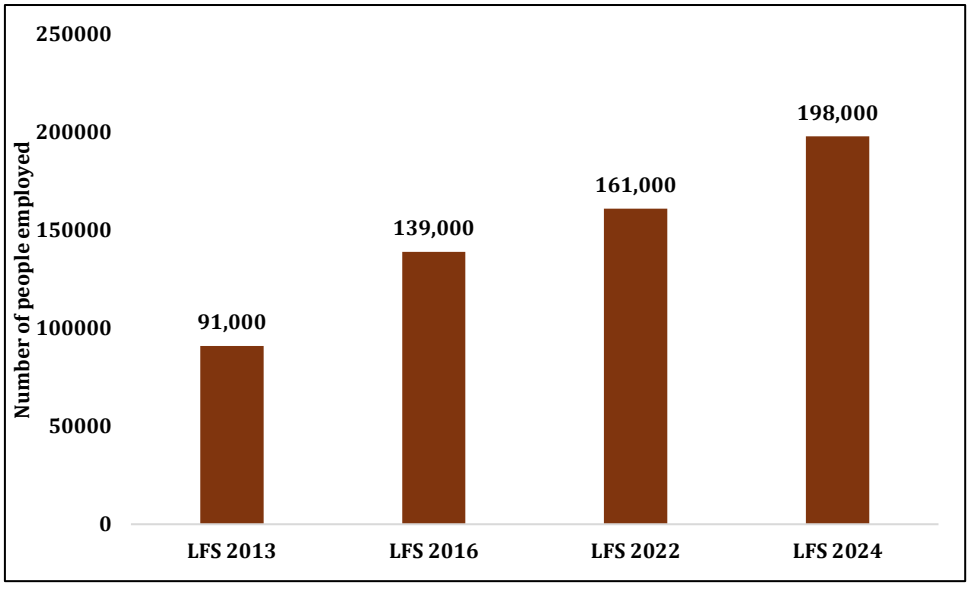
significant disruption for the sector, reflecting both domestic structural weaknesses and the broader global shock that year. The recovery that followed was notably swift. Exports rebounded to US$941.67 million in FY2020-21 and surged to a decade-high of US$1.245 billion in FY2021-22. Although earnings remained robust in FY2022-23, crossing US$1.175 billion, the momentum softened in FY2023-24, when exports settled at US$1.039 billion. This deceleration suggests a return to slower growth after the post-pandemic rebound. As a whole, the series depicts an industry that has been remarkably resilient but also haunted by long-term volatility. The industry has proven that it can overcome shocks, but the cycle of booms and busts in export gains underscores ongoing sensitivities that stymie long-term growth.

Figure 1: Export of leather and leather products, FY2015-16 - FY2023-24



Source: Bangladesh Export Promotion Bureau

Figure 2: Employment in leather and leather goods



Source: The Labour Force Surveys of various years

Figure 2 shows a steady and significant expansion of employment in the leather and leather goods sector over the past decade. In 2013, the industry numbered around 91,000 workers. By 2016, that figure had soared to 139,000, driven by the expansion of producing capacity in the sector and the rise of new firms and subcontracting. The growth continued for 2022, with employment totaling 161,000, and it gained even more momentum by 2024, when the employment had climbed to 198,000 workers. This progressive increase over consecutive Labour Force Surveys means that the leather sub-sector has been slowly increasing its level of labour absorption. The trend indicates an increased production and investment, and continued - albeit uneven - demand for Bangladesh's leather and leather goods in international markets. On the whole, the picture is of an industry that's increasing its foothold in terms of jobs despite having to face some serious structural and compliance hurdles.

The three main categories of the leather industry are processed leather, leather goods, and leather footwear. The processed leather industry is classified under HS 41 in the Harmonized System (HS), while leather goods are classified under HS 42 and HS 43, respectively. While all types of footwear are covered by HS 64, leather footwear is specifically covered by HS 6403. Table 1 lists the items that fall under the various HS classifications used in the leather industry.

Table 1: Summary of the leather sector and definition

HS Code	Subsector	Definition
41	Processed Leather	Raw hides and skins (other than fur skins) and leather
42 and 43	Leather goods	Articles of leather; saddlery and harness; travel goods, handbags and similar containers; articles of animal gut; fur skins and artificial fur; manufactures thereof
6403	Leather footwear	Footwear with outer soles of rubber, plastics, leather, or composition leather and uppers of leather

Source: International Trade Centre (ITC) data

Bangladesh continues to struggle to convert its locally produced raw hides and skins into high-value finished leather products due to persistent compliance shortcomings. As a result, a substantial share of raw leather is exported at low prices to major global importers. Table 2 shows that China, Vietnam, and Italy are among the leading buyers of Bangladesh's raw leather. Crucially, these same countries also rank among the world's top exporters of finished leather goods. They import low-cost raw materials from Bangladesh and elsewhere, process them using their advanced and compliant manufacturing systems, and then re-export high-value leather products to international markets. An examination of the HS 42 leather product category further underscores this dynamic. The United States stands out as the single largest importer of finished leather goods, accounting for nearly 15.6 per cent of global imports. This pattern highlights a critical missed opportunity for Bangladesh; while it possesses abundant raw materials, the lack of compliance and value-addition capacity limits its ability to capture a larger share of the lucrative global leather goods market.

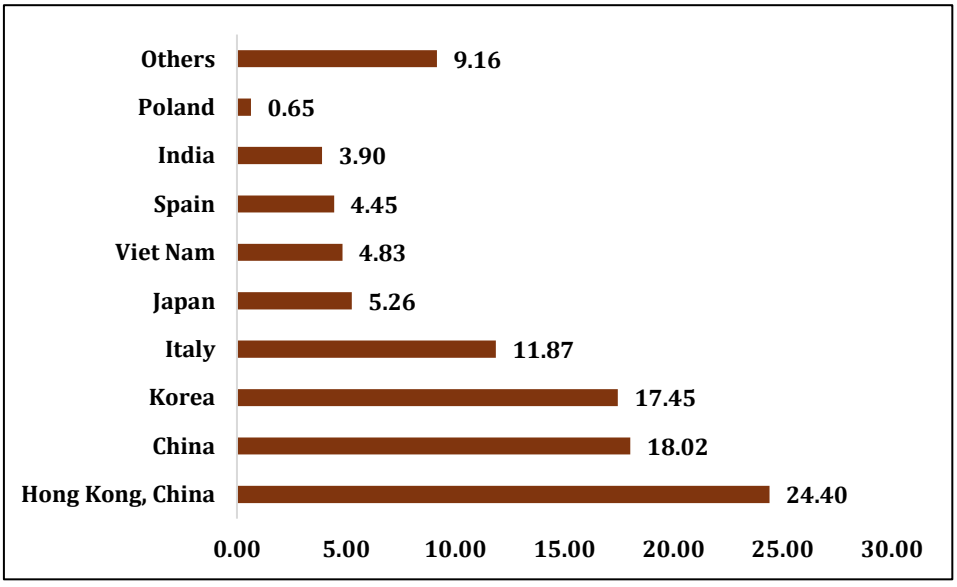
Table 2: Top importing countries of leather products

Raw Leather (HS 41)		Leather Products (HS 42)		Leather footwear (HS 6403)	
Importers	**Share in the global HS 41 import (%)**	**Importers**	**Share in the global HS 42 import (%)**	**Importers**	**Share in the global HS 42 import (%)**
China	18.12	United States of America	15.6	United States of America	19.77
Viet Nam	11.9	Japan	7.35	Germany	8.88
Italy	11.82	China	6.61	France	6.76
France	4.37	France	6.18	Italy	5.65
Indonesia	3.99	Germany	5.5	Netherlands	5.38
Mexico	3.46	Italy	4.72	China	4.92
Thailand	3.13	Korea, Republic of	4.2	United Kingdom	3.63
Germany	2.96	Hong Kong, China	3.94	Poland	3.34
United States of America	2.74	United Kingdom	3.53	Belgium	3.28
Spain	2.57	Spain	2.67	Spain	2.94

Source: ITC data

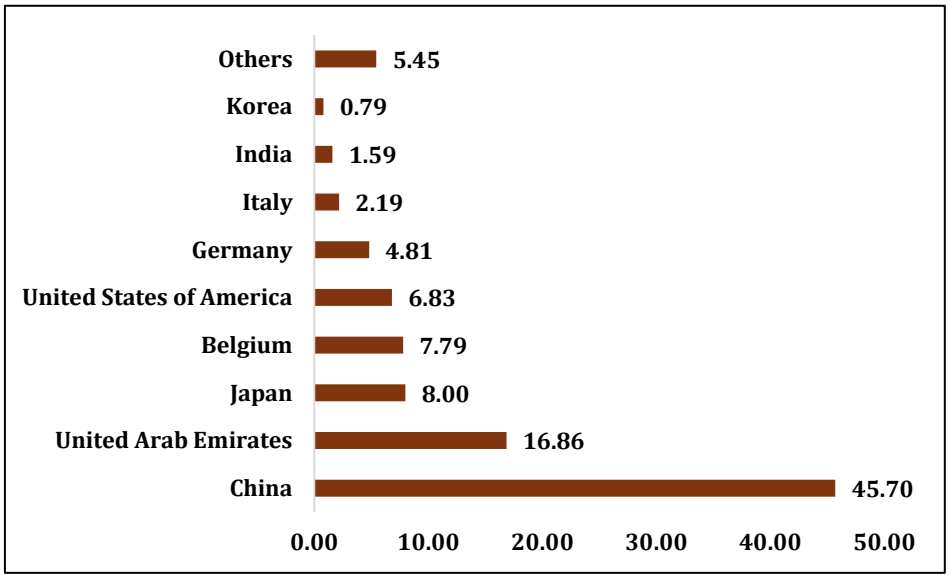
As indicated in Figure 3, the major raw leather receiving countries in value terms are Hong Kong, China, with a share of 24.4% of all raw leather exports, followed by China (18.02%) and Korea (17.45%), indicating continued strong demand from East Asian processing centres. Figure 4 demonstrates that China is overwhelmingly the primary market for leather goods, with a market share of 45.7% in total exports, but significantly relying on one destination only. The 2nd highest recipient is the United Arab Emirates (16.86%), followed by Japan (8.0%) and Belgium (7.79%), which together account for a considerable proportion of Bangladesh's leather goods export earnings.

Figure 3: Export market share of raw leather for Bangladesh (%)



Source: ITC data

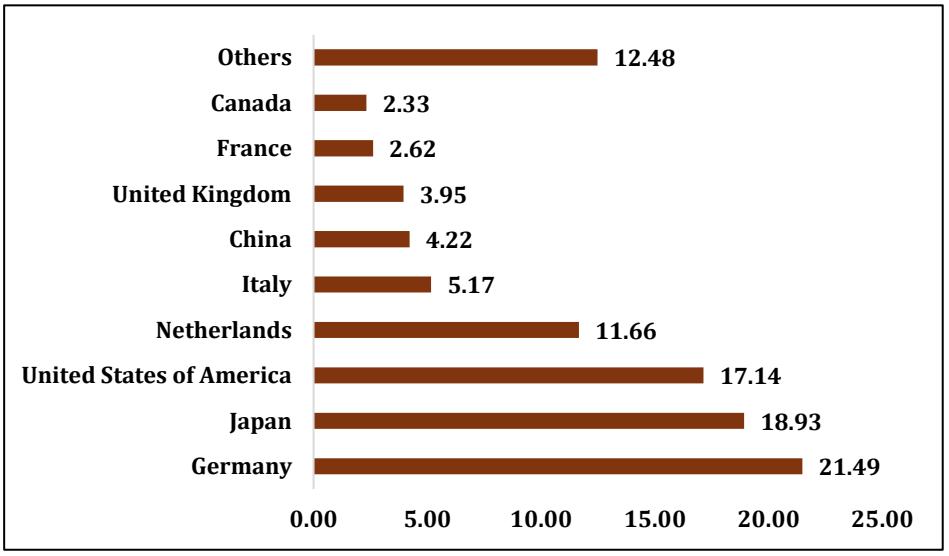
Figure 4: Export market share of leather goods for Bangladesh (%)



Source: ITC data

Market distribution of the export market of Bangladesh's leather footwear is presented in Figure 5. The leading destination for Bangladeshi leather footwear is Germany, where 21.49% share relates to this destination, which stands modern destination for footwear in Bangladesh. In close succession are Japan (18.93%) and the United States (17.14%), indicating robust demand from high-end consumer markets.

Figure 5: Export market share of leather footwear for Bangladesh (%)



Source: ITC data

The Value Chain Analysis

In Bangladesh, one of the persistent issues upstream is that the collection and preservation of raw hides and skins are often handled by small middlemen and seasonal traders with limited infrastructure. Each year during the time of Eid al-Adha, the raw hide collection falls below the target. Preservation largely uses salt-based methods (i.e.,

stacking salted hides awaiting transport), which leads to high wastage. Sometimes, a lack of knowledge and expertise about the appropriate scientific method compromises the quality of raw resources. Because of this, a significant amount of salted raw hides and skins are ruined and rejected each year. The current preservation process uses 30-50% sodium chloride for short-term hide preservation, which creates serious environmental concerns (Sivakumar et al., 2019).

Current processing stages, particularly soaking and liming, generate high volumes of effluents containing salt, insecticides, and bactericides, indicating problematic preservation techniques (Humayra et al., 2023). Transportation from rural areas and districts to tanning clusters like Savar Tannery Estate is rapid when hides are freshly available. The combination of under-preservation (salt only, no cooling or controlled environment), long storage times, and rough transport means that hide quality deteriorates, reducing the value and increasing rejects.

The Savar Tannery Estate was supposed to be a state-of-the-art compound with a common effluent treatment plant, improved infrastructure, and a shift from the aged Hazaribagh area (Pal, 2022). But the estate still encounters major problems: a study found composite effluent in CETP consisting average BOD_5 of 553 mg/L against the allowable limit of 50mg/L and an average COD is 1,646 mg/L against the allowable limit of 200mg/l (Monira et al., 2022). The CETP is under capacity and is currently treating only 25,000 m^3/day; well below the required figures (Ministry of Commerce, 2019). Meanwhile, tanneries were still dumping about 20,000 m^3 of untreated wastewater into the Dhaleshwari River daily (Ethical Trading Initiative, 2025). Extreme heavy metal pollution, mainly of chromium, is present in river sediments near the estate (Rahman et al., 2022). Worker's safety and chemical handling are still poor: there have been over 200 chemicals used in different stages, yet most workers do not wear suitable protective gear (Moazzem and Jebunnesa, 2024). There are serious occupational health hazards; 48.78% workers face skin diseases, and 44.39% from respiratory problems (Jaman et al., 2024).

Bangladesh is a significant exporter of crust leather and wet-blue hides, but the share of downstream finished leather goods is low. Bangladesh remains stuck around the US$1 billion export mark for leather and leather goods, indicating under-penetration in higher-value segments. The underdevelopment of the finished products sector is attributed to, among others, a lack of skills, design capabilities, and modern machinery, as well as backward linkages. The fact that Bangladesh has yet to receive a certification from the Leather Working Group (LWG), however, limits entry into quality global markets. With domestic raw and wet-blue hides dominating the local tanners, finished exports remain limited. The upstream and midstream chokepoints also affect the consistent availability of high-quality finished exported commodities.

Key Stakeholders and Institutional Framework

Multiple actors are involved in Bangladesh's leather sector, with different roles and responsibilities towards the sector contributing to its development, regulation, and international competitiveness (Table 3). These actors fall into four main categories – government agencies, private companies, workers and their trade unions, and foreign importers/development partners. Their cooperation and participation are essential to

resolve the problems in the sector, refining it into a viable industry that can compete internationally.

Table 3: Key stakeholders and institutional framework in Bangladesh's leather sector

Government	
Stakeholder	**Role**
Ministry of Commerce (MoC)	Formulates and implements policies related to leather export.
Ministry of Environment, Forest and Climate Change (MoEFCC)	Enforces environmental regulations, manages effluent discharge, and ensures sustainability within the leather sector.
Bangladesh Small and Cottage Industries Corporation (BSCIC)	Supports small and medium-sized tanneries, provides technical assistance, and facilitates access to credit.
Bangladesh Standards and Testing Institution (BSTI)	Sets quality standards for leather products and ensures compliance with international certifications like LWG.
Private Sector	
Stakeholder	**Role**
Bangladesh Tanners Association (BTA)	Represents tanneries, facilitates dialogue with the government, and sets industry standards to improve sector competitiveness.
Leather Goods Manufacturers and Exporters	Manufactures leather products (footwear, bags, wallets) and exports them to international markets.
Workers and Labor Unions	
Stakeholder	**Role**
Labor Unions (e.g., Bangladesh Leather and Footwear Workers Federation)	Advocates for workers' rights improve safety standards, negotiate fair wages, and ensure better working conditions for laborers.
International Buyers and Development Partners	
Stakeholder	**Role**
International Buyers (e.g., Footwear and Fashion Industries)	Drive demand for sustainably produced leather goods and ensure that Bangladeshi leather products meet global standards for quality, safety, and sustainability.
Development Partners (e.g., World Bank, ILO)	Provide technical assistance, funding, and capacity building to improve environmental practices, labor standards, and overall compliance with international trade and sustainability criteria.

Source: Authors

3. Critical Challenges and Bottlenecks

Environmental and Health Crisis

A CETP located at the Savar Tannery Estate, which was originally envisioned as a technological platform for a cleaner and more sustainable leather cluster, has become one of its biggest debacles. Its failure is not marginal and occasional; it's systemic. Since suboptimal performance (47% removal efficiency) is routinely observed at the plant, not even the lowest recommended discharge limit is met by its treated effluent. In other words, CETP is unable to perform the very task it was designed for. The mean concentrations of COD, BOD, TSS, and chromium remain alarmingly above permissible limits, revealing a treatment system overwhelmed at every stage (Monira et al., 2022). The consequences ripple outward. High levels of heavy metals downstream have triggered carcinogenic risks for both workers and surrounding communities (Hassan et al., 2023).

But the problem is bigger than just wastewater. In a recent workplace environment study, 66.7% unhealthy workplaces had no ventilation, and only 46.3% workers were using any safety device, while not all workers were trained (Jaman et al., 2024). In simple terms, the risks are baked into the everyday business of the industry. Workers also suffer from chronic exposure to heavy metals, chronic chemical exposures, and long-term health impacts-issues that are preventable but not being addressed.

The environmental toll is equally stark. Release of untreated or partially treated effluent into the Dhaleshwari River has turned it into one of the most polluted rivers in the country. Tanning chemicals, particularly chromium, have built up to hazardous concentrations. Studies consistently show that chromium, cadmium, and lead concentrations far exceed WHO guidelines (Islam et al., 2021; Lipy et al., 2021). Water quality indices that provide an overall perspective of the ecosystem health now categorize some categories of the river as "poor" or "not-fit-for-use" with (WQI = 264.7) values reported earlier by (Ali et al., 2024). The Dhaleshwari is not a river of life from this standpoint, but only an industrial waste pipeline.

> "*If the Hemayetpur CETP was fixed and tanneries became compliant, we could easily double or triple export volumes—from $1.2 billion to $4–5 billion annually. These tanneries are running at only 10–20% of their capacity because they can't access high-value export markets. With LWG compliance, they'd be fully booked.*"[3]
>
> **Professor Md Mizanur Rahman, Former Director, Institute of Leather Engineering and Technology, University of Dhaka**

Seasonal factors magnify these problems. And in the dry months, when natural water flow is lower, pollutants tend to become more concentrated. Effluents from Tanneries, along with municipal waste, emerge as the major reason for pollution (Hassan et al., 2023). The risks are not abstract. Fish from the river have bioaccumulation of metals and clear carcinogenic potential, which is a major concern for families that consume local fish or depend on the river for daily use (Wahiduzzaman et al., 2022). That is, the ecological damage is translating directly into public health threats.

The inside of the tanneries presents a very different, but no less hazardous, set of risks for workers. Regular exposure to chromium, sulfuric acid, formaldehyde, and other chemicals is normal, not an anomaly. Respiratory problems, chemical burns, and chronic skin conditions are common among workers. 63.3% of the tannery workers are affected by at least one common health problem, from skin disease (25.3%), to respiratory difficulties (6.3%), and gastrointestinal disorder (8.5%) (Islam et al., 2017). The longer a worker stays in the industry, the greater the risk - especially for those in wet processing or finishing, where chemical intensity is highest (Rabbani et al., 2021).

Chromium exposure is particularly severe. Among the labors, the levels range from 21.85 to 483 mg/kg – an extremely high value for any occupation (Hasan et al., 2019). However,

[3] https://industryinsiderbd.com/a-raw-material-heaven-missing-the-export-train/

only 36.7% of the workers frequently apply PPE (Islam et al., 2017). With so many of them handling dangerous chemicals without gloves, masks, or eye protection, the chances for an accident - a burn or inhalation injury, a toxic exposure - are omnipresent. This possible hazard is also higher by injuries that can result from machine operation, mainly in industries without sufficient protection around the machines or emergency measures (Moazzem and Jebunnesa, 2024).

When these workplace hazards combine with broader environmental contamination, the result is a public health crisis. The impact extends far beyond factory walls. 55.6% of tannery workers reported having at least one health problem, where skin diseases (51.6%), musculoskeletal disorders (33.1%), and respiratory diseases (14.5%) were the commonest ones (Rahman et al., 2022). Communities around the tannery estate are at risk too. Manufacturing industrial effluents pollute soil, agricultural fields, and river water, so it leads to multiple pathways of exposure through drinking water, food crops grown on polluted soils or with heavy metals fish carrying (Islam et al., 2023).

Near Savar, chromium levels in soil stand at 32 times higher than WHO limits, and carcinogenic risk assessments show exposure far beyond safe thresholds - especially for children (Al Mizan et al., 2023). Local residents report high rates of diarrhea, epigastric pain, and vertigo, underscoring the everyday human cost of an industry that has failed to control its environmental footprint (John and Rajan, 2022). River water samples continue to show dangerously elevated concentrations of chromium, arsenic, and lead, posing long-term carcinogenic risks (Hassan et al., 2023).

Together, the evidence presents a depressing picture: the leather industry in and around the Savar cluster is an occupational hazard, an environmental menace, and a public health issue all at once. The result is a layered crisis of untreated effluent and lax protocols, forcing long-term exposure to chemicals in the very places where workers live, and communities downstream are also affected.

Governance and Policy Deficits

The leather industry in Bangladesh is crippled by structural governance failures and entrenched policy weaknesses - combined, they are preventing the sector from emerging as a competitive global industry while also ensuring it fails to be environmentally responsible. On paper, the country's policies to protect the environment, improve labor standards, and drive industrial growth are nothing if not extensive. But in practice, implementation falls far short of intention. From this perspective, the gap between policy design and policy execution has become one of the defining obstacles to the sector's progress. The result is a cycle of chronic non-compliance, stalled reforms, and repeated missed opportunities for meaningful upgrading.

Environmental regulation is a case in point. Bangladesh's legislative framework - the Environmental Conservation Act (1995), and the Environmental Conservation Rules and related guidelines - prescribes explicit measures for industrial effluent and emissions control. But enforcement remains spotty and in some cases little more than symbolic. Scores of tanneries continue to function without full environmental clearance. Never, or hardly ever, are the punishments invoked commensurate with the abuses. Even though the country has nearly 200 legal instruments related to environmental governance,

implementation remains far below global benchmarks (Khan, 2022). The ongoing failure of the CETP at the Savar Tannery Estate illustrates this weakness starkly. Untreated and partially treated sewage still pours into the Dhaleshwari River, revealing not only a technical failure but also a breakdown in governance and accountability. Weak institutional capacity within the Department of Environment (DoE) has exacerbated it and resulted in major non-compliances going unmonitored for years.

> "*We have everything, leather, labour, logistics. What we do not have is a policy structure that allows us to grow. Red tape and missed opportunities have kept leather footwear from becoming one of the country's export success stories.*"[4]
>
> **Md Nasir Khan, Chairman of Jennys Shoes, and Vice President, Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)**

Governance fragmentation further complicates matters. The leather industry's regulatory and operations regime cuts across several regulators, such as the MoC, MoEFCC, BSCIC, and BSTI. But these agencies are frequently stovepiped, with redundant missions and little cooperation. For example, while MoEFCC is responsible for environmental compliance, the BSCIC manages the Savar estate, and BSTI oversees standards and certification; insight sharing across these entities remains limited. This lack of inter-agency coherence leads to contradictory directives, slow policy implementation, and unclear lines of responsibility. Put simply, no single agency is fully accountable, and those affected most - leather firms, workers, and surrounding communities - pay the price. Modernization efforts, sustainability initiatives, and attempts to meet international certification requirements often stall in this fragmented governance maze.

> "*Bangladesh is becoming an increasingly attractive destination for footwear production, especially as Chinese firms look to relocate post-Trump. However, the tanning side of the industry is held back by outdated and poorly functioning effluent treatment plants in Savar and Hemayetpur. This inadequate infrastructure continues to choke the supply of quality leather, which in turn hampers the growth of downstream industries. Instead of costly relocations, we should focus on practical solutions such as retrofitting existing treatment facilities and engaging experienced operators.*"[5]
>
> **Amrita Makin Islam, Director, Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)**

[4] https://www.thedailystar.net/business/news/red-tape-leaves-leather-sector-sleeping-giant-3980576
[5] At the Expert Group Meeting at SANEM.

It also adds another element of uncertainty, policy inconsistency. The government occasionally offers subsidies, tax rebates, or soft loans to encourage modernization and export diversification, but firms also often find gaining access to these incentives difficult due to delays in administrative processing and bureaucratic obstacles. Instead, the shifting of tanneries from Hazaribagh to Savar - designed to be a game-changer - came to symbolize policy inconsistency: fuzzy timelines for execution, uneven delivery, and unfinished infrastructure. Operationalisation of a full-fledged CETP, sludge management facilities, and utilities has been delayed, causing huge uncertainty for investors. What this implies is that even well-intentioned initiatives lose their effectiveness when the institutional machinery behind them is slow, inconsistent, or poorly coordinated.

These governance gaps carry real economic costs. They discourage investment, slow down technology adoption, and weaken Bangladesh's chances of breaking into high-value global markets. Most importantly, they prevent the industry from meeting the sustainability and compliance benchmarks now demanded by international buyers. Without significant reforms in governance, coordination, and enforcement, the leather sector's transition to a modern, environmentally sound, and value-added industry will remain out of reach.

Market Access and Compliance Barriers

Bangladesh is expected to graduate from the Least Developed Country (LDC) group in November 2026. Graduation will mark the phase-out of LDC-specific international support measures, such as duty-free market access, concessional finance, and special and differential treatment under global trade regimes (Raihan, 2025). This will affect Bangladesh's leather sector's duty-free market access in a number of export markets.

Bangladesh's leather sector remains far behind the high-value global markets, and a key reason for this is one simple fact: the perennial non-compliance with international standards. Environmental shortcomings, labor-related violations, and the absence of globally recognized sustainability certifications have created a barrier that the industry has yet to cross. Put simply, even though Bangladesh produces a substantial volume of leather, it remains shut out of the premium segments of global trade. From this perspective, the country is not just missing new opportunities - it risks losing some of its existing preferential trade advantages as well.

A central obstacle is the sector's inability to meet the sustainability benchmarks demanded by global buyers. The LWG certification, now a baseline requirement for many international brands, is intended to guarantee responsible leather production - reduced ecological harm, safer labor practices, and better environmental controls. But only a handful of Bangladeshi tanneries carry that certification. Exporters that are not LWG certified, however, have a clear disadvantage and may have more difficulty in penetrating or staying in premium markets (Islam and Karim, 2025). As Rahman (2022) notes, inadequate infrastructure and weak compliance mechanisms only deepen this challenge.

The consequences are straightforward: without LWG certification, Bangladesh is perceived as a lower-tier supplier, even if the country produces large quantities of raw and crust leather. As sustainability, ethical sourcing, and supply-chain transparency

increasingly shape buyer decisions - especially across Europe and North America - Bangladesh risks falling further behind. What this implies is that volume alone is no longer enough; the global market now rewards credibility, traceability, and environmental performance.

> "*Without LWG certification, Bangladeshi leather remains locked out of premium international markets. Without LWG certification, we are invisible to major global buyers who demand verifiable sustainable sourcing*."[6]
>
> **Syed Nasim Manzur, President, Leathergoods and Footwear Manufacturers & Exporters Association of Bangladesh (LFMEAB)**

Another significant challenge is posed by the Zero Discharge of Hazardous Chemicals (ZDHC) initiative. This is a global initiative that needs producers to do away with hazardous chemicals and move to safer alternatives – which necessitates new technologies, rigorous chemical management processes, and plenty of cash. Nike, Adidas, and Puma are among the leading brands that have already pledged to source only from ZDHC-certified leather facilities. The ZDHC Roadmap to Zero lays out far-reaching requirements for chemical substitution, wastewater monitoring, and waste control (Hossain, 2023). For many Bangladeshi firms - especially small and medium-sized tanneries - these standards are daunting.

Bangladeshi producers must contend with limited technological capacity, high costs of compliance, and constrained access to finance (Islam et al., 2020). Environmental requirements are escalating while profit margins remain stagnant; a combination that threatens the survival of smaller firms. Many tanneries still rely on harmful chemicals, and without proper waste treatment systems, toxic discharges continue to enter nearby rivers and ecosystems. In other words, persistent non-compliance not only damages the environment; it also prevents tanneries from securing contracts with major global brands whose sourcing policies leave little room for exceptions.

> *"Owners remain strict when it comes to granting workers their rights. This includes compliance required for global market access of leather goods. Non-implementation of social compliance and an ineffective modern CETP system prevent tanneries from obtaining LWG certification, making it difficult to retain foreign buyers. Consequently, the formal tannery sector is increasingly moving toward informality*."[7]
>
> **Abul Kalam Azad, President, Tannery Workers' Union (TWU)**

[6] https://www.thedailystar.net/business/news/leather-exports-drop-64-10-years-cetp-woes-linger-3903496
[7] https://www.tbsnews.net/economy/industry/bangladeshs-leather-sector-stuck-1b-5b-could-be-tapped-experts-1241686

The consequences extend beyond private contracts and brand preferences. Bangladesh is increasingly at risk of losing GSP benefits, especially in the EU, on account of environmental mismanagement and labor law violations in the leather sector. There have been numerous loud warnings from trading partners that non-compliance will come at a financial and market cost. Rahman (2022) points out that resistance to infrastructure upgrades, delays in effluent treatment facilities, and a slow pace of technological modernization only make the situation more precarious.

Losing GSP privileges would raise the cost of Bangladeshi leather exports in key markets, eroding competitiveness against countries that already enjoy higher compliance levels. This means exporters would face higher tariffs, lower demand, and shrinking access to markets where Bangladesh hopes to expand. Low export quantities and a fragile market share could not only damage the leather sector but also hit the national drive to diversify exports.

Taken together, these constraints show that Bangladesh's market access challenges are not the product of global discrimination or poor luck; they are the predictable outcomes of unresolved environmental, labor, and regulatory problems. Unless the sector can align itself with global sustainability expectations, it will remain trapped in low-value segments and risk losing the foothold it still maintains in international markets.

Structural and Infrastructural Weaknesses

One of the major problems characterizing Bangladesh's leather sector is the chronic reliance on exports of crust leathers – hides that are semi-processed and not fully tanned or finished. Crust leather is found at the bottom of the value spectrum in international markets. Whereas finished products - shoes, bags, wallets, clothes - can command much higher prices and attract a more discerning class of premium buyers. But processed leather comprised just 6.8% of total leather exports in 2023–24, an indication that the sector is firmly stuck in low-cost segments. While the raw hides and skins are treated locally in about 85% of cases, compliance cost issues cause a good proportion of it to go out as crust leather, with little value addition at home (Ministry of Commerce, 2021).

Put simply, Bangladesh produces the raw material but allows others to capture the profit. Countries with advanced tanning and finishing capabilities buy low-cost crust leather, turn it into high-value goods, and then dominate the global marketplace. The deeper constraints that underpin this long-standing trend are poor attitudes to sophisticated technology, unwillingness to embrace new procedures, and lack of comprehensive long-term planning (Rahman, 2022). In this context, Bangladesh's strengths - cheap labor, easy availability of raw hides, and its production prowess - have been underutilised. The sector generates volume but struggles to generate value.

The technology gap is another critical barrier that keeps the industry from moving up the value chain. The relocation to Savar was supposed to bring the leather industry into a more modern age. But many tanneries continue to rely on age-old, semi-manual processes in tanning, cutting, and finishing. As Chowdhury and Hawlader (2024) point out, technological innovation is not only advantageous but also mandatory. In the absence of automated or digitally controlled machines, production is slow, variable, and

any quality defects are hard to predict. It makes it more difficult for Bangladesh to satisfy the ever-stricter demands of international buyers, particularly those that want cookie-cutter garments produced with precision and using sustainable practices.

Resistance to new technology and the lack of technical expertise only deepen the challenge (Islam et al., 2020). Traditional salt-based preservation methods, for instance, remain widely used even though they cause significant waste and degrade leather quality. Without modern practices - like controlled-temperature storage or mechanized preservation - the industry continues to lose value long before the hides ever reach the production floor. What this implies is straightforward: without substantial technological upgrading, Bangladesh's leather sector will struggle to compete in high-end global markets, no matter how strong its raw material base may be.

That's one more complicating factor, the skills shortage. So, despite an industry that employs many, 198,000 in 2024, according to LFS, most of those jobs are done at manual labor rather than at a computer. The missing element in the industry is special skills: design knowledge, advanced finishing techniques, and product development, as well as quality control. These skills are crucial for producing high-value goods and competing with established leather hubs in Italy, Vietnam, and China.

Table 4, drawing from the BIDS Skill Survey 2020–21, makes the gap even clearer. Technicians and associate professionals are the hardest positions to fill (37%), followed by technical workers (26%). The overall difficulty index of 4.5 suggests very serious imbalances between what the industry requires and what's available in terms of skills. With about 1.7% of positions vacant, the sector confronts both a shortage of skilled workers and a potential stagnation in upgrading. In other words, the industry has the hands but not necessarily the know-how.

Table 4: Difficulties in filling the vacancies across occupations in the tannery

BSCO Code (1-digit)	Occupations	1 to 3 (Low level)	4 to 6 (Medium level)	7 to 10 (High level)	Mean	No. of Unfilled vacancies currently	Total Employment level at present	Unfilled vacancies as % of total current employment
1	Manager	24.17	58.33	17.5	4.8	0	189	0.0
2	Professional	22.86	40	37.14	5.5	2	107	1.9
4	Clerical support staff	46.15	53.85	0	3.2	6	31	19.4
5	Service and sales staff	51.52	42.42	6.06	3.5	0	87	0.0
7	Technical workers	29.84	44.35	25.81	4.8	21	929	2.3
8	Factory and machine operators and machine assemblers	22.22	74.07	3.7	4.4	0	173	0.0
9	Primary profession	56.25	39.58	4.17	3.5	10	716	1.4
Total		32.5	49.75	17.75	4.5	39	2232	1.7

Source: BIDS-Skill Survey 2020-21

Another structural weakness lies in the underdeveloped backward linkages for accessories - zippers, buckles, buttons, lining materials, soles, lasts, and other inputs that bring leather goods and footwear to life. Because these components are scarce or unavailable domestically, manufacturers are forced to rely on imports. This raises costs,

lengthens lead times, and slows the ability of Bangladeshi producers to respond quickly to changing fashion trends and buyer demands.

More than 65% of raw hides and skins are exported as crust leather, with minimal domestic value addition (Ministry of Commerce, 2019). The footwear sector alone uses roughly 21 different input components, yet Bangladesh lacks large-scale manufacturers for most of them. This fragmented supply chain leaves local manufacturers relying on foreign suppliers and inhibits any kind of seamless ecosystem development that can enable rapid scaling and innovation. Enhancing backward linkages – through the creation of local accessory industries, improvement in logistics, and promoting supplier clusters – will help reduce production costs, increase product quality, and enable Bangladesh to better compete in the world markets for leather and footwear.

Together, these challenges reveal that it is not a single flaw but an interlinked set of structural weaknesses that holds back Bangladesh's leather sector. Without technological upgrading, more robust capacity development, and deeper domestic supply chains, the industry will continue to sell raw potential while others reap the benefits of value addition.

4. A Strategic Policy Framework for Transformation

The leather industry of Bangladesh also has the potential to develop into a world-class sustainable industry, provided it can overcome the environmental, social, and economic constraints it is currently facing. This strategic framework below provides the major recommendations for repositioning of the sector under three theme pillars covering 1) Environmental sustainability and compliance, 2) Governance and Institutional strengthening, and 3) Market access and competitiveness.

Pillar 1: Ensuring Environmental Sustainability and Compliance

The leather sector must prioritize environmental sustainability in order to meet international standards, attract global buyers, and reduce its environmental footprint.

- **Immediate Rehabilitation of the Savar CETP:** Commission a technical review of the current CETP at Savar Tannery Estate to evaluate its existing operation and capacity. CETP should immediately be provided with emergency funds to operate at the 100% level. Verify that the CETP is able to treat the wastewater generated by tanneries in Savar effectively, so no untreated effluent can be pumped into the Dhaleshwari River. Set up an independent monitoring and evaluation committee to monitor the functioning of CETP to ensure compliance with environmental safeguards. The standard fare of regular independent audits and public reporting is a must.

- **Strict Enforcement of "Polluter Pays" Principle:** Create a stringent system of fines and punishment for tanneries that do not adhere to environmental laws. These fines should be such that they provide disincentives to violations. Such budgetary sources, like exemptions and subsidies for modernization, should be dependent on environment-related due diligence. Tanneries that aren't compliant with the environmental standard (LWG certified, ZDHC compliance) should never

get benefits. Make pollution expensive and sustainability profitable for tanneries. It will promote a more responsible use of the environment and remove the enforcement responsibility from the government.

- **Promote Cleaner Production Technologies:** Offer financial motivations (such as tax exemption or low-interest loan) to tanneries that use water saving, chrome recovery, and waste recycling technologies. Facilitate the use of alternative production and cleaning methods that are more benign to water quality, minimize waste generation, or wastewater discharge. The leather sector's overall carbon and water footprint will thus decrease, and it will meet international sustainability criteria. Adapt these fiscal incentives to assist the SMEs, which might not have the required capital for such investments. Develop affordable financing solutions for SMEs to modernise their operations.

Pillar 2: Strengthening Governance and Institutional Capacity

Governance and institutional capacity must be improved in order to enable the leather sector to prosper and grow sustainably. This pillar aims at consolidating an effective and efficient system of policy formulation, oversight, and implementation of the reforms.

- **Establish a Leather Sector Development Authority:** Create a Leather Sector Development Authority (LSDA) as an independent and strong institution to develop the leather sector. The LSDA should include members from all relevant ministries (such as MOC, MoEFCC), the private sector, and labor unions to ensure that all stakeholders participate in decision-making and the implementation process. The LSDA will rationalise policy and oversight, cut bureaucratic red tape, and drive sectoral reforms to work on the ground. It will have jurisdiction over industry practices; oversee compliance-monitoring activities; and collaborate with other government actors to implement policy.

- **Develop and Enforce a Comprehensive Leather Policy:** Devise a long-term leather policy that is more comprehensive, with strict targets on export increase, value addition, as well as environmental performance. A policy document should include measurable targets for the sector over 5-10 years, focusing on moving from raw material exports to finished leather products and environmentally friendly processes. Give a strong direction for the development of the industry, with focused interventions to overcome fundamental weaknesses, including dependency on low-value exports and lack of design innovation or contribution. The policy must make certain that every actor (government, the private sector, and NGOs) will be committed to the same goals and directed to work on these long-term objectives.

- **Simplify and Automate the Incentive Structure:** Rationalize & automate the incentive system in the leather sector and ensure faster disbursement of incentives, particularly to exporters of finished leather goods. The present incentive system, which includes tax credits and rebates paid in cash, is usually cumbersome and slow to be of any help. Digitalisation of the process through an online platform could also help in easing applications and accelerating disbursements. Make certain that leather exporters, in particular of finished

products, get regular and timely financial packages. This would create re-investment opportunities for producers in machinery, quality of production, and expanding exports. It will also drive down administrative costs and enhance transparency in incentivisation.

Pillar 3: Enhancing Competitiveness and Market Positioning

To position Bangladesh's leather sector as a global leader, it is essential to transition from producing low-value raw materials to high-value, finished leather products.

- **Shift from Commodity to Branded Products:** Provide increased incentives for producing and exporting ready-made leather products like shoes, clothes, and accessories. At present, Bangladesh earns most of its foreign exchange from the export of crust leather, the lowest product in terms of value. To facilitate the movement of the sector away from raw and semi-finished components to high-value finished products, the government should assist those who manufacture in-country by way of grants or by providing other financial and logistical support to ensure that leather products are added to before export. Promote tanneries to shift up the value-added ladder by promoting qualified and fashionable finished leather for fashion and luxury purposes to meet international demand.

- **Facilitate International Certification:** Create a support program that offers subsidies and technical assistance to help tanneries achieve LWG certification and other crucial sustainability certifications, such as ZDHC. Equip Bangladeshi tanneries with the tools and financial support to comply with international standards, enabling them to access high-value markets and demand better prices for their products.

- **Invest in Skills Development and R&D:** Establish a "Leather Institute of Technology" to deliver specialised training in leather design, product development, and chemical management. Leather manufacture in Bangladesh suffers at present from a lack of expertise, designers' skills, innovation, and an advanced chemical management system for the production of leather in a sustainable way. Develop a labour force that is trained to respond to international requirements for high-quality, creative leather products. By developing expertise in design and sustainable production techniques, the sector can improve both the quality and value of its exports.

- **Develop a "Bangladesh Leather" Brand**: Initiate a national marketing campaign to design, brand, and promote "Bangladesh Leather", promoting the country as a world leader in ethical and sustainable production of leather. Consumers around the world are exerting demand for sustainable and ethically produced products in the leather market. Bangladesh can cater to such requirements, but must be acknowledged as a reliable source that is focused on high-value quality and sustainability. Enhance Bangladesh's image in international markets by promoting the sector as a responsible and sustainable player, thereby increasing market demand for Bangladeshi leather products.

5. Implementation Roadmap and Monitoring

Phased Action Plan

Timeframe	Action	Milestone
Short-Term (0-12 months)	Repair and upgrade the Savar CETP to full operational capacity.	CETP is operational at full capacity.
	Strict enforcement of environmental regulations, including fines for non-compliant tanneries.	Enforcement of environmental laws begins with penalties for violations.
	Launch awareness campaigns for tanneries to obtain international certifications (e.g., LWG, ZDHC).	The initial group of tanneries is working towards obtaining certifications.
Medium-Term (1-3 years)	Establish the Leather Sector Development Authority (LSDA) for streamlined oversight.	LSDA is established and operational with clear mandates.
	Launch the Leather Institute of Technology for skills development.	The Leather Institute launched with the first batch of students.
	Increase export of finished leather goods through fiscal incentives.	Exports of finished goods increase by 10-15% year on year.
Long-Term (3-5 years)	Ensure full compliance with environmental regulations across all tanneries.	Full compliance with environmental laws and regulations.
	Brand Bangladesh Leather globally through a marketing campaign.	The 'Bangladesh Leather' brand is recognized globally.
	Achieve recognition as a global sustainable leather hub.	Increased demand for Bangladesh's sustainable leather products.

Key Performance Indicators (KPIs)

KPI	Description	Short-Term Goal (0-12 months)	Medium-Term Goal (1-3 years)	Long-Term Goal (3-5 years)
Export value of leather and leather goods	The total value of leather and leather goods exports from Bangladesh, tracking both raw and finished goods.	5% increase in export value by focusing on growing finished leather exports.	15-20% increase in export value as the sector focuses more on finished goods.	30% or higher increase in export value, driven by value-added leather goods.
Percentage of exports as finished goods	Tracks the proportion of finished leather goods (footwear, bags, accessories) in total leather exports.	20% of total exports as finished goods by the end of the first year.	40% of total exports as finished goods by the end of 3 years.	60% or more of total exports as finished goods by the end of 5 years.
Number of LWG-certified tanneries	Tracks the number of tanneries that achieve LWG certification, ensuring environmental compliance.	10 LWG-certified tanneries within the first 12 months.	50 LWG-certified tanneries over the next 3 years.	75% of all tanneries are certified LWG within 5 years.
Biochemical Oxygen Demand (BOD) levels in the	Monitors the reduction in BOD levels in the Dhaleshwari River as an indicator of	Reduce BOD levels by 20% within the first 12 months through improvements in	Reduce BOD levels by 40% over 3 years, achieving compliance with	Achieve full compliance with environmental standards, reducing BOD

KPI	Description	Short-Term Goal (0-12 months)	Medium-Term Goal (1-3 years)	Long-Term Goal (3-5 years)
Dhaleshwari River	improved wastewater treatment.	CETP and effluent treatment.	international standards.	levels to permissible limits by year 5.

Responsible Agencies

Objective	Intervention	Specific Action(s)	Lead Agency	Supporting Agencies	Timeline (in months)
Ensure operational capacity of CETP	Repair and upgrade CETP	• Conduct a technical audit of Savar CETP • Allocate emergency funds for repairs • Implement monitoring system for continuous operation	MoI	DoE, BTA	0-12 months
Enforce environmental regulations	Strict enforcement of regulations	• Implement fines and penalties for non-compliant tanneries • Regular environmental inspections and monitoring	DoE	MoEFCC, BTA	0-12 months
Promote international certification	Launch awareness campaigns for certification	• Conduct awareness programs for tanneries on LWG and ZDHC certification requirements • Provide initial guidance and resources for certification	BTA	BSTI, MoC	0-12 months
Streamline governance and oversight	Establish Leather Sector Development Authority (LSDA)	• Form LSDA with representation from all key ministries • Set clear mandates and operational processes	MoC	BSCIC, Private Sector Representatives	1-18 months
Enhance skills and knowledge	Launch the Leather Institute of Technology	• Develop curriculum focused on leather design, sustainability, and chemical management	BSCIC	MoE, MoLE, Private Sector	1-36 months

Objective	Intervention	Specific Action(s)	Lead Agency	Supporting Agencies	Timeline (in months)
		• Open admissions for specialized training			
Increase finished leather goods exports	Provide fiscal incentives	• Offer tax breaks and low-interest loans for tanneries producing finished leather goods • Prioritize finished goods exporters for government incentives	BTA	MoC	12-36 months
Ensure full sector compliance	Monitor and enforce compliance	• Monitor environmental, labor, and certification compliance • Implement strict penalties for non-compliance	DoE	MoEFCC, BTA	36-60 months
Strengthen global brand identity	Brand Bangladesh Leather	• Launch a national marketing campaign to promote sustainability • Focus on eco-friendly production and ethical labor practices	MoC	BTA, EPB	36-60 months
Achieve global recognition as a sustainable hub	Establish Bangladesh as a global leather hub	• Increase visibility in global trade fairs • Expand partnerships with international retailers and fashion brands	MoC	BTA, EPB	36-60 months

Note: BSCIC: Bangladesh Small and Cottage Industries Corporation; BSTI: Bangladesh Standards and Testing Institution; BTA: Bangladesh Tannery Association; DoE: Department of Environment; EPB: Export Promotion Bureau; MoC: Ministry of Commerce; MoE: Ministry of Education; MoEFCC: Ministry of Environment, Forest and Climate Change; MoI : Ministry of Industry; MoLE: Ministry of Labour and Employment

6. Conclusion

Bangladesh's leather industry has great potential to contribute to economic growth, export diversification, and sustainable development. Given its centuries-old tradition, backed up by a highly efficient manufacturing structure, the domestic leather sector is well placed to emerge as a leader in value-added leather products and finished goods exportation. But the issues it's dealing with are dealing with, from pollution and labor

rights violations to decrepit infrastructure and a dearth of skilled workers, are piling up and need urgent attention.

The call for game-changing reform is urgent. Without concrete action, Bangladesh risks remaining on its current trajectory – one that sees poor environmental practices, low-value exports of raw materials, and failure to adopt global standards, which impede the development of this sector. The cost of doing nothing, ongoing ecological impairment, forfeited international markets, and consequent damage to the national brand is more than the initiative for which this policy architecture lays out.

Bangladesh holds the enormous potential to transform its leather industry by embracing sustainability, improving governance, building skills, and adding value to exported goods. This change will mean not just economic gains through direct job creation and improved export earnings, but the repositioning of the sector to play a responsible and sustainable role in the world leather community.

Now is the time for working together. Government agencies, industry associations, private sector companies, and international organizations must come together to implement the proposed reforms. It will require a concerted effort to ensure that this blueprint is successful, and the leather sector in Bangladesh becomes an international hub for sustainable high quality leather products. The future of the sector relies on that collective action today.

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