

How recycling RMG waste can cut 15% in cotton imports – and earn billions

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Bangladesh could trim its cotton imports by a substantial 15% through efficient recycling of garment waste, a move that has the potential to save several hundred million dollars annually, say industry insiders.



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Bangladesh Textile Mills Association (BTMA) President Mohammad Ali Khokon said the country produces a huge amount of garments waste during pre- and post-production stages.

"If we can transform it into recycled materials, it will contribute to a 15% reduction in cotton imports," he told The Business Standard.

According to the BTMA, the country imported over 18 lakh tonnes of cotton worth over Tk47,869 crore in 2022. The amount of imports in the first 11 months of the current year is 12.27 lakh tonnes worth Tk32,408 crore.

If garment waste were recycled reducing cotton imports, Bangladesh would have realised a staggering savings of Tk7,180 crore (almost \$700 million) in 2022 alone and Tk4,861 crore in the first 11 months of this year.

Detailing the specifics, garment-exporting factories generate a substantial 4-5 lakh tonnes of waste, commonly known as "jhut". This waste primarily consists of cutting remnants, scraps, and fluffs. A mere 5% of this waste is currently recycled to create exportable items. Meanwhile, 30%-35% is repurposed to craft clothing for the domestic market, and the remaining portion is exported.

Shahidullah Azim, vice president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said, "The industry could potentially export an additional \$5 to \$6 billion worth of garments by locally recycling around 4 lakh tonnes of garment waste."

At present, the country generates a mere \$300 million to \$400 million from exporting a portion of garment waste, with a significant amount ending up in landfills or being burned, posing environmental hazards, Shahidullah Azim noted.

He added that recycled yarn, being a process that does not require water or chemicals, is more environmentally friendly than other yarn options.

Policy supports that exporters want

Exporters pointed out that the garment recycling industry faces some major challenges related to financing and taxation.

BTMA President Mohammad Ali Khokon said the main challenge is the imposition of a 22% VAT. "In the procurement of garment waste, there is a 7% VAT, and during sales of recycled yarn, a 15% VAT is applied," he said.

BGMEA President Faruque Hassan said the government should offer policy and tax support to encourage recycling.

"When these wastes go to the landfill or into the drains, the government does not get anything. But when we add value and transform a Tk10 waste into a Tk500 product, there is VAT. We have communicated this to the NBR several times, but no action has been taken," he said.

Faruque Hassan said the BGMEA and its member factories are actively engaged in waste recycling efforts to reduce dependence on the 98% of imported cotton meeting current demand.

To address issues in garment waste collection, he said the BGMEA is considering the establishment of waste collection centres.

BGMEA Vice President Shahidullah Azim said most garment waste recycling technology companies are European as high investment is required in this sector which is a major challenge.

He called on the government to offer low-cost financial support to the garment recycling industry through a circular financing scheme. Additionally, he noted that if buyers or donor agencies provide financial support, the apparel industry would be better positioned to realise its full potential.

"If the government allows entrepreneurs to import post-consumer apparel wastage, it will encourage them to invest further in this sector," said Square Textiles Director (operations) Taslimul Hoque.

The market players in garment waste recycling

According to the BTMA, Bangladesh has 40 small and large scale factories that recycle garment wastes to produce recycled yarn including Simco Spinning & Textile Ltd, Square Textiles PLC, Beximco Group (jointly with Spanish company Recover), Akij Group, Badsha Group, Mosharaf Group, Aman Textiles, Hameem Group, S Alam Group and Mother Textile Mills.

Three more factories – Pacific Jeans, DBL Group and Bitopi Group – are now in the pipeline to recycle garment wastes.

Umer Khan, general manager of Simco Spinning & Textile, told TBS, "With the latest available technology, we can currently recycle 95% of garment waste, and a further technological upgrade will enable us to achieve 100% recycling."

Established in Bhaluka, Mymensingh in 2009, Simco presently produces approximately 6,000 tonnes of recycled yarns annually.

The official highlighted that each kilogram of CYCLO-recycled fibres can contribute to saving up to 20,000 litres of water, 200 grams of pesticides and fertilisers, 2.7 kg of dyes and chemicals, 3.2 kilowatt-hours of energy, and 11 kg of CO₂ equivalent.

Ha-Meem Group, a prominent apparel exporter, inaugurated a recycling plant at Ha-Meem Spinning Mill in Mauna, Gazipur, on 26 February this year.

According to media reports, the initial phase of this plant is set to produce 16 tonnes of recycled cotton per day, with an additional 16 tonnes planned for the second phase. Ongoing efforts for the third phase aim to yield 45 tonnes of fabric from recycled cotton.

Ha-Meem Group Managing Director AK Azad told TBS that the group envisions entering fabric production from recycled yarn by 2024.

Syed Mohammad Tanvir, managing director of Pacific Jeans, said they are investing in a recycled fibre project scheduled to commence production by March 2024. Pacific Recycle Fibre Ltd aims to produce approximately 3,500 tonnes of yarn annually.

Tanvir said this initiative focuses on recycling waste, aligning with sustainability principles.

Taslimul Hoque, director of operations at Square Textiles Recycling Plant, said their facility can currently recycle about 12 tonnes of waste per day. With that, they can produce 24 tonnes of yarn per day with recycled fiber.

He said the factory utilises pre-consumer apparel wastage as raw materials, but the current supply is insufficient to meet their daily production needs. He emphasised their careful selection of raw materials to maintain product quality.

Brands targeting recycled or sustainable materials

Since 2013, the innovative Dutch brand G-Star has been leading the charge in sustainable fashion by renewing denim using 20% post-consumer denim wastes.

H&M aims for 100% of the materials to be either recycled or sourced in a more sustainable way by 2030, and 30% recycled materials by 2025, according to their website.

The Spanish brand Inditex is targeting to make 100% of its textile products exclusively from materials with a reduced environmental footprint by 2030.

"We are aiming to have 40% of the textile fibres we use come from conventional recycling processes," according to the Inditex website.