the footprint

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A platform of people worldwide who make the footwear, leather and allied industry work.



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EDITORS NOTE

Footprint August Edition is Here!

As August unfolds, Bangladesh's leather and footwear industry stands at an important turning point. With LDC graduation approaching, new financing initiatives, and continued growth in leather goods, the sector is entering a period of both challenges and opportunities.

This August, Footprint highlights three key developments: Bangladesh's journey towards becoming a more competitive global footwear and leather sourcing hub, the growing potential of leather goods, and Bangladesh Bank's Tk 20 billion financing scheme to strengthen the leather industry.

As the industry adapts to a changing global market, competitiveness, innovation, financing, and value addition will play an increasingly important role. At Footwear Exchange, we remain committed to bringing our readers the latest insights and developments shaping the future of Bangladesh's leather and footwear sector.

After LDC Graduation: Can Bangladesh Become a More Competitive Footwear & Leather Sourcing Hub?

Bangladesh is approaching a major milestone in its economic journey. The country is scheduled to graduate from the Least Developed Country (LDC) category on **24 November 2026**. While this graduation reflects Bangladesh's economic progress, it also brings a new set of challenges for export-oriented industries.

For the leather, leather goods and footwear industry, the question is particularly important: **Can Bangladesh remain competitive in global markets when some of the advantages associated with LDC status begin to change?**

The answer will depend not only on trade preferences, but on how effectively the industry can improve productivity, quality, sustainability, product development and market diversification.

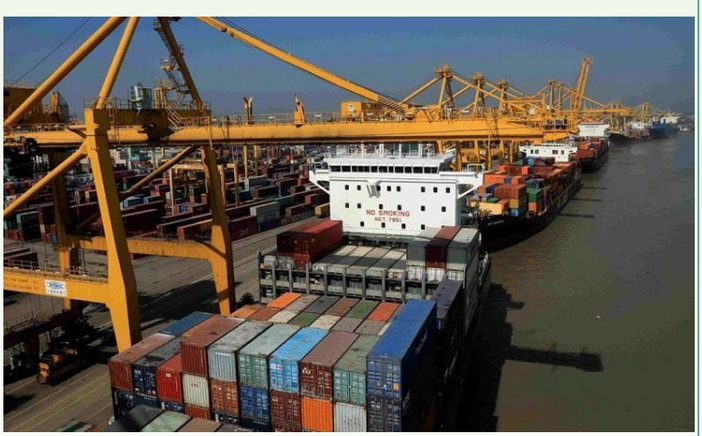
Why LDC Graduation Matters

LDC graduation means Bangladesh will gradually move away from some of the special trade preferences available to the world's least developed countries.

For exporters, one of the major concerns is market access. The European Union is Bangladesh's most important export market, and the country's current duty-free access under the Everything But Arms (EBA) arrangement has played an important role in supporting exports.

However, the transition does not mean that Bangladesh will suddenly lose all market advantages on the day of graduation. The European Union has proposed transitional arrangements that could allow graduating LDCs, including Bangladesh, to continue benefiting from existing preferences for a limited period while they prepare for the new trading environment.

This additional time should be viewed as an opportunity rather than a reason to delay preparation.



Competing Beyond Low Cost

For many years, competitive labour costs have been one of Bangladesh's major advantages. But global buyers are increasingly looking for more than low prices.

They want suppliers that can provide consistent quality, reliable delivery, sustainable production and strong compliance.

Therefore, Bangladesh needs to move from **low-cost manufacturing to competitive manufacturing**.

Improving factory productivity, reducing material waste, adopting better production systems and investing in technology will become increasingly important.

A factory that can produce better products with less waste and shorter lead times will have a stronger position in the global market.



Sustainability Will Matter More

Environmental compliance is another major issue.

International brands are paying increasing attention to responsible sourcing, chemical management, wastewater treatment, traceability and certified materials.

Bangladesh's leather sector still faces challenges in achieving internationally recognized environmental and certification standards. A recent government assessment noted that infrastructure and certification limitations continue to affect the sector's ability to reach premium international markets.

This makes sustainability more than an environmental responsibility.

It is becoming a competitive advantage.

Improving tannery compliance and increasing the availability of certified leather could help Bangladeshi manufacturers meet the requirements of more international brands.

After LDC Graduation: Can Bangladesh Become a More Competitive Footwear & Leather Sourcing Hub?



Moving Towards Higher Value

Another important opportunity is moving higher up the value chain.Bangladesh has traditionally been strong in manufacturing, but there is an opportunity to expand its role from manufacturing to **product development and sourcing**.

Instead of only producing a design provided by an international buyer, Bangladeshi companies can increasingly develop products, create samples, manage materials and support the buyer from development to final production.

Leather bags, wallets, belts, travel goods and other leather accessories can create additional opportunities alongside traditional footwear.

Diversification Is Essential

Bangladesh also needs to diversify its export markets.

The industry should explore opportunities in Europe, the United States, the United Kingdom, Japan, Australia, the Middle East and other emerging markets.

Product diversification is equally important. Footwear manufacturers can explore sports and casual footwear, safety footwear, synthetic products and other growing categories, while leather manufacturers can expand into finished leather goods. A wider product and market base can make the industry more resilient to changes in individual markets.

Can Bangladesh Become a Sourcing Hub?

Bangladesh already has several important advantages: an established manufacturing base, a large workforce, domestic leather resources and experience with international buyers. But becoming a true sourcing hub requires more than factory capacity.

International buyers should be able to find **design, Product development, materials, manufacturing, quality control, compliance and logistics** within one connected supply chain.

The Road Ahead

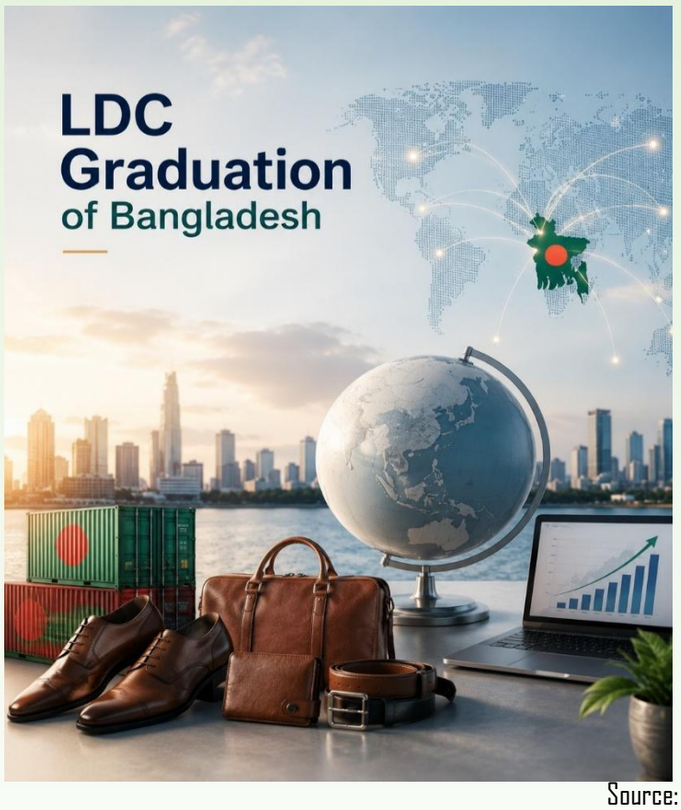
LDC graduation should not be viewed only as a risk. It can also be an opportunity to make Bangladesh's leather and footwear industry stronger and more competitive.

The next few years will be important for improving productivity, strengthening environmental compliance, developing skilled workers, investing in technology, diversifying products and markets, and securing sustainable trade arrangements.

Bangladesh has already proved that it can manufacture for the global market.

The next challenge is to prove that it can compete through **quality, innovation, sustainability and value addition**.

LDC graduation may mark the end of preferential treatment, but it can also mark the beginning of a new era of competitiveness for Bangladesh's leather and footwear industry.

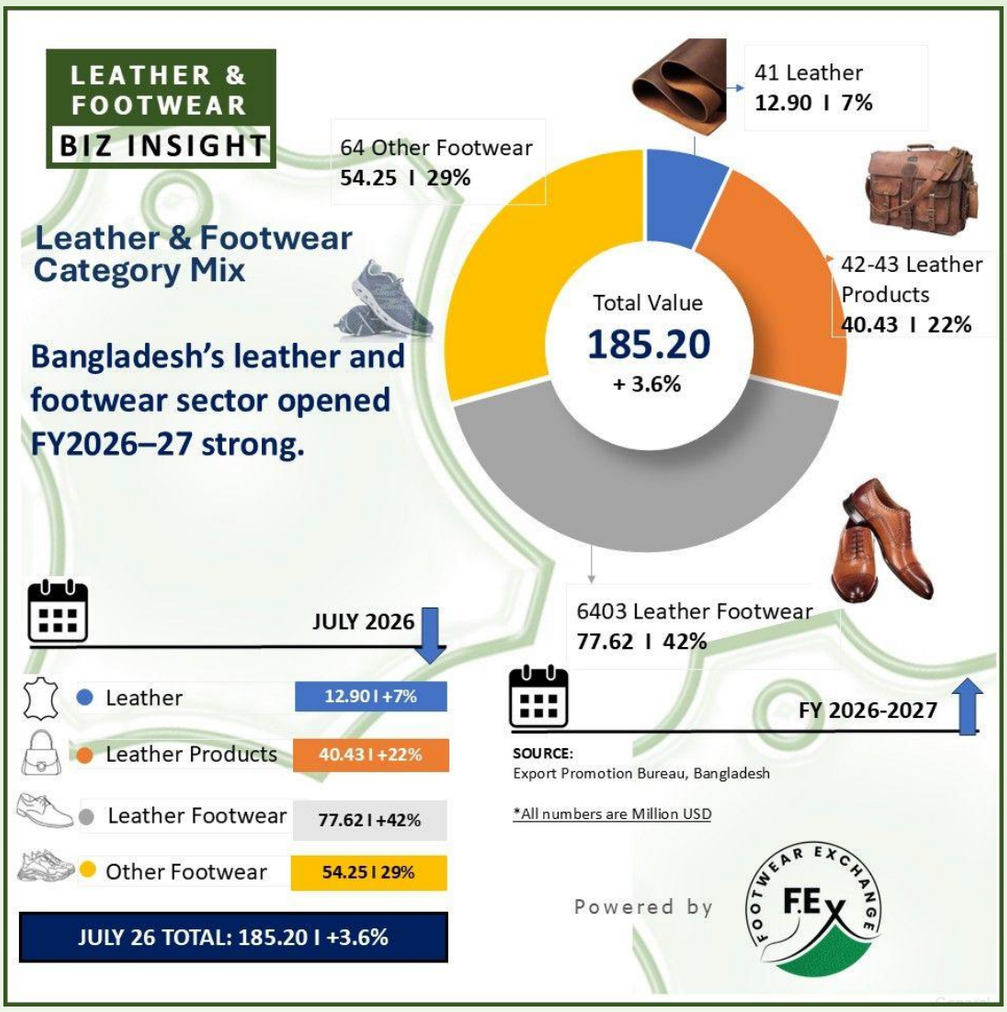


Source:
Daily star, and Linked In Pages

Latest Export Data: Snapshot: July 2026

Exports posted +3.6% growth in July 2026, led by Leather Footwear and Leather Products.

Bangladesh's leather and footwear exports opened **FY2026–27** on a positive note, reaching **USD 185.20 million in July 2026**, up **3.6% year-on-year**.
All major categories recorded growth during the month, with **leather footwear emerging as the largest contributor**, while leather products also showed strong momentum.



July 2026 (YoY):

Leather (HS 41): USD 12.90M | **+7%**
Leather Products (HS 42–43): USD 40.43M | **+22%**
Leather Footwear (HS 6403): USD 77.62M | **+42%**
Other Footwear (HS 64): USD 54.25M | **+29%**

Key takeaway:

The July figures provide an encouraging start to the new fiscal year, with particularly strong growth across footwear and leather products. Sustaining this momentum while expanding value-added products and strengthening global market competitiveness will be important for the sector in the months ahead..

Source:
Export Promotion Bureau, Bangladesh

Bangladesh's Leather & Footwear Exports Cross US$1.75 Billion: A Look at the Global Market

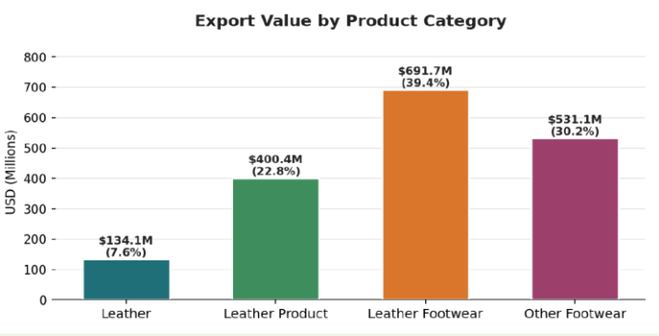
Leather footwear remains the largest export segment, while leather goods continue to strengthen Bangladesh's position in international markets

Bangladesh's leather and footwear industry continues to maintain a significant presence in global trade, with exports reaching **US$1.757 billion during July–June 2025–26**, according to the Export Promotion Bureau's (EPB) *Product-wise Export Performance Report*. The report covers **21 product categories and 107 destination countries**, providing a detailed picture of Bangladesh's international market reach.

The export data shows that **footwear and leather goods together account for more than 92% of the total exports covered by the report**. Leather footwear generated **US$691.7 million**, representing **39.4%** of total exports. Other footwear contributed **US$531.1 million (30.2%)**, while leather products generated **US$400.4 million (22.8%)**. Traditional leather exports accounted for **US$134.1 million (7.6%)**.

Footwear Leads the Export Basket

The strongest contributor was **HS Code 6403**, covering footwear with leather uppers. This category alone generated **US$691.7 million** during the reporting period.



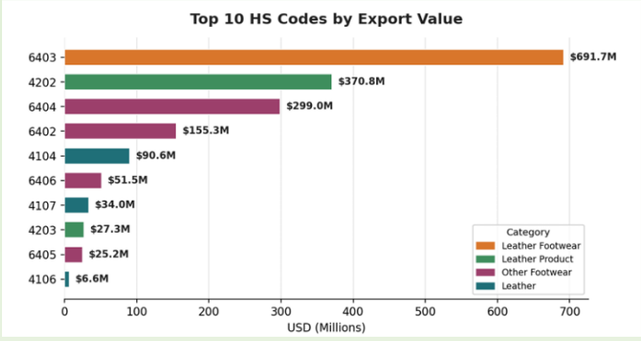
The **United States was by far the largest destination**, receiving **US$331.4 million**, equivalent to **47.9% of Bangladesh's leather-footwear exports**. The Netherlands followed with US$72.5 million, while Canada, Germany and Poland were also important markets.

This concentration highlights the strength of Bangladesh's relationship with major international footwear buyers. At the same time, exports to Europe, North America and Asia demonstrate the industry's broad international reach.

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Other footwear also made a substantial contribution of **US$531.1 million**. Within this segment, footwear with textile uppers under HS Code 6404 generated **US$299.0 million**. India was the largest market for this category, followed by Spain, France, the United States and Germany.



Leather Goods: A Major Value-Added Segment

Beyond footwear, Bangladesh's leather-goods industry demonstrated considerable export strength. **Leather products generated US$400.4 million**, with **HS Code 4202—covering trunks, suitcases, handbags and similar leather goods—accounting for US$370.8 million**, or **92.6% of the leather-product category**.

The **United States** was the largest market for these products, with exports of approximately **US$123.5 million**. India ranked second at US$61.8 million, followed by Japan at US$46.1 million and the Netherlands at US$37.4 million. Belgium and China were also significant destinations.The figures demonstrate the importance of finished leather goods within Bangladesh's export portfolio. Products such as handbags, luggage and other leather articles provide opportunities for greater value addition compared with the export of raw or processed leather.

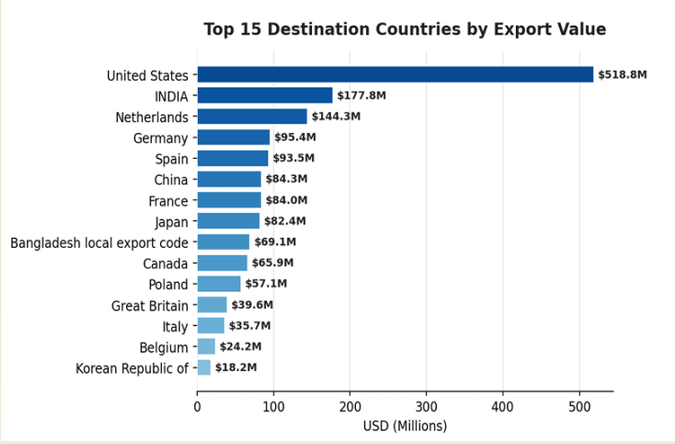
Bangladesh's Leather & Footwear Exports Cross US$1.75 Billion: A Look at the Global Market

Traditional Leather Exports Remain Concentrated

Traditional leather exports amounted to **US$134.1 million** during the period. Bovine leather under HS Code 4104 represented the largest portion, generating **US$90.6 million**, or **67.5% of the leather category**.

China was the leading destination for this product, followed by India, Spain, Vietnam and Italy.

Leather from other animals under HS Code 4107 generated another **US$34.0 million**. The report lists the Bangladesh local export code as the largest destination for this category, followed by India, Japan, China and Hong Kong.



A Diversified Global Market

One of the most notable features of the EPB data is the geographical spread of Bangladesh's leather and footwear exports. The report records exports to **107 destination countries**, demonstrating that the industry has established a broad international customer base.

The **United States** stands out as the most important destination across several major product categories. It received **US$331.4 million in leather footwear** and approximately **US$123.5 million in HS 4202 leather goods**.

European markets—including the Netherlands, Germany, Poland, France, Spain, Italy and Great Britain—remain important destinations for Bangladeshi footwear and leather products. Asian markets also play a significant role, with **India and Japan** particularly important for selected product categories.

What the Numbers Tell the Industry

1. Footwear remains the industry's primary export engine.

Leather footwear and other footwear together generated more than **US$1.22 billion**, representing nearly **70% of total exports** covered by the report.

2. Finished leather goods are an important value-addition opportunity.

With **US$370.8 million** generated from HS 4202 products alone, handbags, luggage and similar leather goods represent a substantial part of Bangladesh's export portfolio.

3. Bangladesh has established a broad international market.

Exports reaching **107 destinations** provide a strong foundation for further geographical diversification.

4. The United States remains particularly important.

The large share of exports going to the US in major categories also highlights the importance of maintaining competitiveness in this market while developing alternative destinations.

Category	HS Basis	Value (USD)	Share
Leather Footwear	HS Code 6403 — footwear with rubber/plastic/leather soles and leather uppers	$691,699,776	39.4%
Other Footwear	HS Chapter 64 (excl. 6403) — footwear categories other than 6403	$531,084,834	30.2%
Leather Product	HS Chapters 42 & 43 — leather goods, apparel, and furskin articles	$400,409,208	22.8%
Leather	HS Chapter 41 — raw hides, skins, and tanned/finished leather	$134,140,511	7.6%
		$1,757,334,329	**100.0%**

Looking Ahead

The July–June 2025–26 export figures present a sector with substantial international reach and a strong foundation in footwear and leather goods. Bangladesh already has established markets across **North America, Europe and Asia**, while finished footwear and leather goods account for the overwhelming majority of export earnings.

The next phase of growth will depend on how effectively manufacturers, exporters, policymakers and industry stakeholders can build on this market presence. Greater **value addition, product development, quality improvement and market diversification** will be important for strengthening Bangladesh's position in the global sourcing landscape.

Source:
Export Promotion Bureau (EPB)

Leather Goods: The Quiet Growth Engine of Bangladesh's Leather Industry

When Bangladesh's leather industry is discussed, footwear often takes centre stage. However, another segment has been quietly gaining momentum: **leather goods**.

Bags, wallets, belts, purses, travel accessories and other finished leather products are becoming increasingly important to Bangladesh's export basket. Recent export figures show that leather goods are not only growing, but in several periods have been among the strongest-performing segments of the country's leather and footwear industry.

During **July 2025–May 2026**, Bangladesh exported **USD 362.71 million** worth of leather products under HS 42, recording **14.1% year-on-year growth**. In comparison, leather footwear declined 1.2% and other footwear declined 2.5% during the same period.

The trend continued into the beginning of the new fiscal year.

In **July 2026**, leather products recorded exports of approximately **USD 40.43 million**, representing **22% year-on-year growth**, according to Export Promotion Bureau data presented by Footwear Exchange. This was stronger than the growth recorded by both leather and footwear categories during the month.

These figures point to an important development: **leather goods are becoming an increasingly valuable part of Bangladesh's export story.**



Why Leather Goods Matter

One of the biggest advantages of leather goods is the potential for **value addition**.

Exporting raw or semi-processed leather generates less value than turning that material into a finished product. A single hide can become a handbag, wallet, belt, briefcase or other accessory, creating additional value through design, craftsmanship, manufacturing and branding.

Bangladesh already has a growing manufacturing base for these products. A government-backed Export Competitiveness for Jobs initiative estimates annual production capacity at around **80.22 million bags, 1.7 billion belts and 3.1 billion small leather goods**.

This indicates that the country has significant production capability. The bigger challenge is converting that capability into a larger and more diversified export market.



For Bangladesh to capture the full potential of leather goods, simply increasing production will not be enough.

The industry needs to move gradually from **contract manufacturing towards product development and design-led manufacturing**.

International buyers increasingly look for suppliers that can support them with:

Design → Material Selection → Product Development → Sampling → Manufacturing → Quality Control → Packaging

Developing these capabilities can help Bangladeshi manufacturers participate in more stages of the value chain and potentially achieve better export prices.

It can also create opportunities for designers, product developers, merchandisers, technicians and other skilled professionals.

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Bangladesh Bank Launches Tk 20 Billion Financing Scheme to Strengthen Leather Industry

The leather industry is a crucial export-oriented sector for Bangladesh. Recognizing its potential and the need for modernization, the Bangladesh Bank launched this pre-finance scheme. The primary goals include supporting investment in the country's leather and leather goods manufacturing, facilitating the establishment of new facilities, and upgrading existing ones to meet international standards, particularly in environmental compliance. This move is seen as vital for the sector's long-term sustainability and competitiveness in global markets.

Financing at a Lower Cost

Under the scheme, participating banks will receive funds from Bangladesh Bank at an interest rate of **4%**, while eligible borrowers can receive financing at a maximum interest rate of **7%**.

The scheme is available to all scheduled banks that sign an agreement with Bangladesh Bank's SME and Special Programs Department.

The financing limits vary depending on the type of investment.

New leather processing facilities can receive loans of up to **Tk 30 crore**, while new leather goods manufacturing infrastructure can receive up to **Tk 20 crore**. Existing facilities can receive up to **Tk 10 crore** for modernization. Working capital facilities are also available, including financing for businesses supplying auxiliary products to the leather industry. Term loans for new factory construction can have a repayment period of up to **seven years, including a two-year grace period**. Modernization loans can run for up to four years, while working-capital loans are initially provided for one year and may be renewed for up to three years, subject to satisfactory performance.

Why This Matters for Exports

Bangladesh's leather industry has long had strong potential, but financing, environmental compliance, technology and infrastructure have remained important challenges. The new scheme can help businesses invest in the areas that directly affect international competitiveness.

Modern machinery can improve productivity. Better environmental facilities can support compliance. LWG certification can help manufacturers meet buyer requirements, while improved working capital can support smoother production and procurement.

For an industry preparing for a more competitive global market following Bangladesh's LDC graduation, these investments are particularly important.



Industry Reaction

While the initiative has been welcomed as a much-needed source of affordable credit, some industry observers caution that cheaper finance alone will not transform the sector. Analysts note that if common infrastructure remains faulty, certification elusive, skills outdated, and market links weak, concessional loans risk adding fresh liabilities to the balance sheets of struggling enterprises rather than driving real growth. There are also concerns about access: while all scheduled banks may participate, they traditionally favour established borrowers with collateral, audited accounts, and environmental clearances — credentials many small leather goods makers, hide collectors, and ancillary businesses operating informally may lack.

Commentators argue the scheme should be paired with a time-bound, sector-wide action plan featuring measurable targets on LWG certification, value addition, SME participation, employment, and export growth if it is to deliver lasting impact on Bangladesh's leather industry.

Source:
Finantial Express, Dhaka Tribune

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The Footprint is the monthly newsletter of Footwear Exchange!

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2025 Editions



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We ensure that all our publication (digital or printed) and activities **reach maximum number of professionals** who are either related or working with Bangladesh leather, footwear and allied industry.

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