

**Overseas Development Institute (ODI)
in association with
PRISM, School of Economics, University of Cape Town and
Department of Development Studies, University of Vienna**

**Workshop on
Is the garment industry still a stepping stone to industrialisation
for low income countries?**

**Wednesday 9th October
14.00 – 17.00**

**ODI
203 Blackfriars Rd,
London SE1 8NJ (Southwark tube)**



Building a domestic garment industry has long been seen by development policymakers and analysts as an essential early step towards industrialisation in low income economies. Both sides of the debate between import-substitution strategies and export promotion and diversification as routes to industrialisation have emphasised the centrality of expanding the clothing industry for broad-based, sustained industrialisation. Important historical examples from different eras which have followed this path include England, Japan, Taiwan, Korea and China. More recently, successful expansion of their clothing industry has been important in enhancing industrial diversification in countries such as Mauritius, Turkey, Mexico, and Vietnam to cite a few examples.

But there are other examples, such as Bangladesh, Cambodia and Myanmar, where very substantial clothing industries have grown focussed on export-oriented garment assembly within ‘buyer-driven’ global value chains, but diversification and ‘upgrading’ into other sectors, or even beyond assembly into a broader range of activities within apparel, has not happened. In addition, notwithstanding the very significant expansion of industrial jobs and reductions in income poverty in these countries, progress has been slow and uneven on labour and environmental standards in factories, and on gender inequality and other social challenges faced by workers beyond the factory.

Notwithstanding these experiences, and widely-expressed concerns about the potential impact of automation on garment assembly employment creation in low-wage developing economies (though views vary widely as to the scale and imminence of this threat), the expansion of the industry remains a significant focus for policymakers in many countries in sub-Saharan Africa.

This throws up a number of key questions for low-income country development policy makers and analysts, interested in expanding the garment industry as part of both an extended process of structural change *and* improved labour, social and environmental standards:

- Given current global market conditions and technological developments, is this still a realistic path to follow?
- What strategies should policymakers in low-income countries follow in expanding the industry?
- How can they ensure that the process is socially, economically and environmentally sustainable?
- What role do international buying firms and transnational sourcing firms which drive global value chains have in contributing to these outcomes?
- What is the responsibility of local assemblers, both domestically owned and foreign investors, in contributing to economic and social upgrading?
- What lessons can be learned from the experience of low income countries in Asia and Sub Saharan Africa that are following this industrialisation path?
- In sum, what should industrial policy for the garment industry look like? Is state-led industrialisation appropriate and, if so, is it feasible? Can labour, environmental and social standards be addressed by state-led industrial policy?

These issues are the focus of this invite-only workshop, hosted by ODI with support from PRISM (Policy Research in International Services and Manufacturing) at the University of Cape Town and the Department of International Development at the University of Vienna.

Programme (14.00 – 17.00)

- Introduction and overview of the issues – Mike Morris (University of Cape Town)
- Presentations of 25 minutes each
 - The Asian experience: Myanmar, Bangladesh – Stephen Gelb (ODI)
 - The African experience: Comparing Ethiopia with other Sub Saharan African economies – Mike Morris (University of Cape Town) & Cornelia Staritz (University of Vienna)
- Discussion (with tea break)
- Closing comments – Raphael Kaplinsky (Institute of Development Studies)