



A Brief on
The Russian Federation
Knitwear Market



Bangladesh Knitwear Manufacturers & Exporters Association

In collaboration with **giz**

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Message

BKMEA is providing research & development support to the apparel industry of Bangladesh through Institute of Apparel Research & Technology (iART). iART is keen to focus world's latest issues and trying to raise consciousness' in business with necessary suggestions and recommendations. iART publishes market brief on potential apparel markets and tries to find out prospects and problems for Bangladesh. Market briefs are informative and would help exporters to gain market specific information from here.

Market diversification along with product diversification is crucial for the sustainable development of the knitwear sector of Bangladesh. Our export destination is concentrated to few regions such as the EU, the USA and Canada etc.

During the recent global financial downturn, the local garments and the knitwear industry was virtually on a thin ice, as most of its major markets were severely hit by the recession, raising concerns within the industry circle. Since then there have been calls from the leaders from the sector as well as the stakeholders for identifying new destinations and diversifying the market to avoid the risk of overwhelming dependence on a few particular region. Without ignoring the importance of the vast EU and US market, the leaders and the stakeholders of the industry is eyeing the untapped destination of East Asia, Southern Africa and Latin America. This is a positive sign as the move is likely to eliminate decades of dependency on the European and American market.

Russian Federation is the 12th largest knitwear importer in the world. However, the export of Bangladesh knitwear to Russian market is insignificant i.e. only 3.76 percent of the total Russian import. Russian Federation can become a major export destination for Bangladesh as their local manufacturers can meet only 30 percent of their domestic demand.

I think the brief on the Russian Federation Knitwear Market will certainly help all potential exporters with necessary information and guidelines. I would like to convey my sincere thanks to Mr. Redwan Ahmed and Mr. Minhaz Uddin Ahmed of iART for their excellent efforts in completing the publication successfully.

-A.K.M Salim Osman
President, BKMEA

A Brief on the Russian Federation Knitwear Market

The Russian Federation is abundant with natural resources, produces more capital intensive commodities than labor intensive one. The country has been experiencing negative population growth rate overtime. Its production strategy is focused on capital intensive goods. Since knitwear is basically a labor intensive commodity, it produces only 30% of total domestic knitwear consumption. Therefore, Russian knitwear market needs to import the commodity with large volume from different locations to maintain market stability. The market brief regarding to Russian knitwear market is mainly an attempt to know the nature of the market, giant participants and other vital factors. Finally we try to explore the prospect of Bangladesh knitwear into the Russian knitwear market.

Country Overview

The Russian Federation is a country located at the Northern Asia (the area west of the Urals is considered part of Europe), bordering the Arctic Ocean, between Europe and the North Pacific Ocean, with a 37,653 kilometers coastline.

Total area: 17,098,242 sq km with land: 16,377,742 sq km & water: 720,500 sq km, which is the largest country of the world and about 1.8 times greater than the size of the United States.

Population (2011 est.): 138,739,892 (growth rate: -0.47%); birth rate: 11.05/1000; death rate: 16.04/1000; infant mortality rate: 10.08/1000; life expectancy: 66.29; density per sq mi: 8.47.

Government: Federation. 46 provinces (oblastey, singular-oblast), 21 republics (respublik, singular-respublika), 4 autonomous okrugs (avtonomnykh okrugov, singular - avtonomnyy okrug), 9 krays (krayev, singular - kray), 2 federal cities (goroda, singular - gorod), and 1 autonomous oblast.

Capital & Cities: Moscow; Other cities: St. Petersburg, Novosibirsk, Nizhniy Novgorod. Key economic sectors: Energy and mining, industries, agriculture and others.

Currency: Russian rubles (RUB) per US dollar-30 (2010), 31.74 (2009), 24.853 (2008), 25.581 (2007), 27.191 (2006)

Time: GMT +4.

Transportation: Excellent air (airport-1213, heliport-50), rail (87157 km) and roads (182000km) facilities.

Telecommunications: World-class infrastructure, Internet access is widely available & connected internationally by undersea fiber optic cables. Satellite earth stations provide access to Intelsat, Intersputnik, Eutelsat, Inmarsat, and Orbita systems (2008)

Value-added tax: 0%, 10%, 18% for electricity, transportation of passengers, goods or oil, Certain foods, children's goods, medical/ pharmaceutical products, certain books or periodicals and the remaining goods & services respectively.

¹CIA Factbook, 2011

Economy of Russian Federation

Russian Federation is on transitional stage from centrally-planned economy to a more market-based and globally-integrated economy. It is one of the largest natural resource abundant countries in the world. During the year 2009, Russia was the world's largest exporter of natural gas, the second largest exporter of oil, and the third largest exporter of steel and primary aluminum. Now a day, It is the 7th largest economy of the world with GDP US\$ 2.223 trillion (PPP, 2010 estimate). The economic growth of the country has experienced a sloth. During the period, the real GDP growth rate is only 4%, whereas inflation rate is 6.9%. In the labor market, about 75.49 million people constitute the Russian labor force comprising by 10% in Agriculture, 31.9% in Industry and remaining 58.1% in Service sector. Even the presence of large labor force in Russia, about 7.6% of total populations are unemployed till now. In the export bundle, Russia exports petroleum and petroleum products, natural gas, metals, wood and wood products, chemicals, and a wide variety of civilian and military manufactures. The export partners of Russia are mainly Germany, Netherlands, US, China, Turkey with 8.2%, 6%, 5.6%, 5.4%, 4.6% (2010) of total Russian export values respectively. However in import basket, it imports machinery, vehicles, pharmaceutical products, plastic, semi-finished metal products, meat, fruits and nuts, optical and medical instruments, iron, steel. During the same period, Russia imported 14.7%, 13.5%, 5.5%, 4.7%, 4.5% of its total imports from Germany, China, Ukraine, Italy, and Belarus respectively. In order to faster export of other commodity or ensure competitive strength into foreign market, the central bank of the country has undertaken many initiatives managing exchange rate. During the year 2010, the exchange rate was that thirty Ruble was exchanged by one U.S. Dollar (US\$ 1 = RUB 30). The foreign exchange reserve of Russia was US\$ 479.4 billion in the year 2010. Over the period its currency has been appreciating. The government of Russian Federation has been following deficit budget. In the year 2010, the revenue budget was US\$ 262 billion, whereas expenditure budget was US\$ 341.1 billion.

Major economic indicators

Table 1: Major economic indicators of Russian Federation.

GDP (PPP, 2010 estimate)	US\$ 2.223 trillion.
Real GDP growth rate (2010 estimate)	4%
GDP per capita (PPP, 2010 estimate)	US\$ 15,900.
GDP composition (2010 estimate)	Agriculture; 4%, Industry; 36.8%, Service; 59.1%.
Inflation (CPI, 2010 estimate)	6.9%.
Labor force (2010 estimate)	75.49 million.
Labor force by occupation (2008 estimate)	Agriculture; 10%, Industry; 31.9%, Service; 58.1%.
Unemployment rate (2010 estimate)	7.6%.
Exports (2010 estimate)	US\$ 400.1 billion.
Imports (2010 estimate)	US\$ 248.7 billion.
Exchange rate (2010 estimate)	US\$ 1 = RUB 30.
Revenue budget (2010 estimate)	US\$ 262 billion.
Expenditure budget (2010 estimate)	US\$ 341.1 billion.
Reserves of foreign exchange	US\$ 479.4 billion

Source: CIA FACTBOOK (downloaded 2011).

Knitwear Import of Russian Federation

Import from different countries

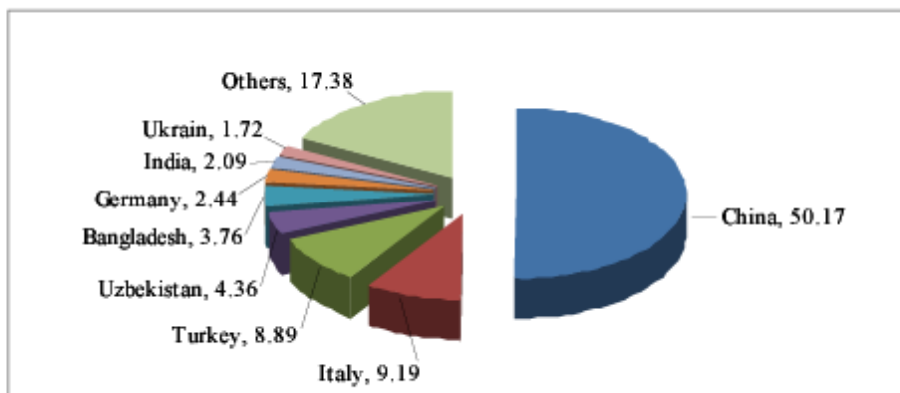
Every year Russian Federation imports large volume of textile from different countries. An estimated 30% of the net domestic textile consumption is produced in Russia and 70% is imported from different locations in which knitwear items have taken leading share². Total knitwear import of Russian Federation from the world was US\$ 2580.39 million in 2010, which is increased by US\$ 951.11 million from the year 2009. China is the prime knitwear supplier in this market with US\$ 1294.59 million export (which is about 50.17% of Russian knitwear import value) in the year 2010 compare to Italy and Turkey with export values US\$ 237.15 million and US\$ 229.32 million in the same year respectively. These three countries along with Germany have experienced a negative growth rate of export in 2009 compared to that in 2008. However Bangladesh, India, Uzbekistan and Ukraine are growing exporter in the knitwear market of Russian Federation. Among the new growing knitwear exporters, Bangladesh has increased its knitwear export sharply to Russian Federation by about US\$ 36.65 million in 2010 as compared to that in 2009. It has covered about 3.76% of Russian knitwear market by 2010 and expected to rise in future. Germany, India and Ukraine are among the other major exporting countries in the market.

Table 2: Russian import of knitwear items (HS 61) from different destinations (in million USD)

Country	2006	2007	2008	2009	2010
World	647.224	1184.733	1834.196	1629.279	2580.388
China	257.393	526.805	912.049	800.715	1294.594
Italy	74.4	160.699	212.576	203.148	237.145
Turkey	72.938	90.7	114.459	88.51	229.316
Uzbekistan	9.817	19.365	44.667	47.367	112.538
Bangladesh	14.155	27.624	53.248	60.356	97.005
Germany	31.106	43.613	43.229	27.063	62.924
India	12.332	29.33	56.149	56.455	53.898
Ukraine	4.972	10.868	16.13	17.604	44.409
Others	170.111	275.729	381.689	328.061	448.559

Sources: calculated by iART from ITC database.

Figure 1: Russian knitwear import share (%) from various destinations in 2010



Sources: calculated by iART from ITC database.

²ICAC's conference held on May 18, 2010 in Moscow, Russia.

Top Knitwear products imported by Russian Federation

Jerseys, pullovers, cardigans, t-shirts and track suits are the top most import items of Russia. The top ten knitwear items mentioned below in table 3 occupy 93.37% of total knitwear imports of Russia in the year 2010. However, it was about 93.74% and 93.62% in the year 2008 and 2009 respectively, which have shown a slightly falling trend in top ten knit items import. These items have made worth US\$ 2407.416 million in 2010, though it was worth US\$ 1717.357 million and US\$ 1523.339 million in the year 2008 and 2009 respectively. Moreover, from the past year evidence it is also clear that the import of other knitwear items (except top ten items) have raised faster than that of top ten knit items. Among all knitwear items, only the knit product coded as '6110 occupy 27.92% of total knitwear imports in 2010. During the period Russia imported the item with value US\$ 720.35 million from world. One possible explanation of larger import value of the single knit item '6110 is that Russia is a humid continental country where warmer cloth is important to protect cold. The same explanation can also be applicable for higher import value of items coded as '6115, '6109, '6109 and '6104. Product wise knitwear import scenario of Russian Federation from different countries is provided in the Annex: table 1

Table 3: Top 10 knitwear import items (HS 61) of Russia from the world (in million USD)

Code	Product label	Value in Million USD				
		2006	2007	2008	2009	2010
'6110	Jerseys, pullovers, cardigans, etc, knitted or crocheted	212.862	358.941	538.99	482.274	720.35
'6115	Panty hose, tights, stockings & other hosiery, knitted or crocheted	78.461	155.171	251.368	253.316	417.436
'6109	T-shirts, singlets and other vests, knitted or crocheted	123.532	225.216	353.072	288.273	415.097
'6104	Women's suits,dresses,skirt etc&short, knit/croch	45.787	92.896	164.195	163.603	307.241
'6108	Women's slippers,panties,pyjamas bathrobes etc, knitted/crocheted	51.287	93.803	132.089	103.23	169.506
'6106	Women's blouses & shirts, knitted or crocheted	22.057	48.305	78.518	69.063	94.905
'6107	Men's underpants,pyjamas,bathrobes etc,knit/croch	24.394	41.494	67.152	46.47	80.399
'61 16	Gloves, mittens and mitts, knitted or crocheted	13.788	19.869	30.729	25.666	71.851
'6112	Track suits, ski suits and swimwear, knitted or crocheted	15.105	39.939	63.68	51.029	69.819
'6111	Babies' garments, knitted or crocheted	10.948	22.993	37.564	40.4 15	60.812

Sources: calculated by iART from ITC database.

Knitwear Export by Russian Federation

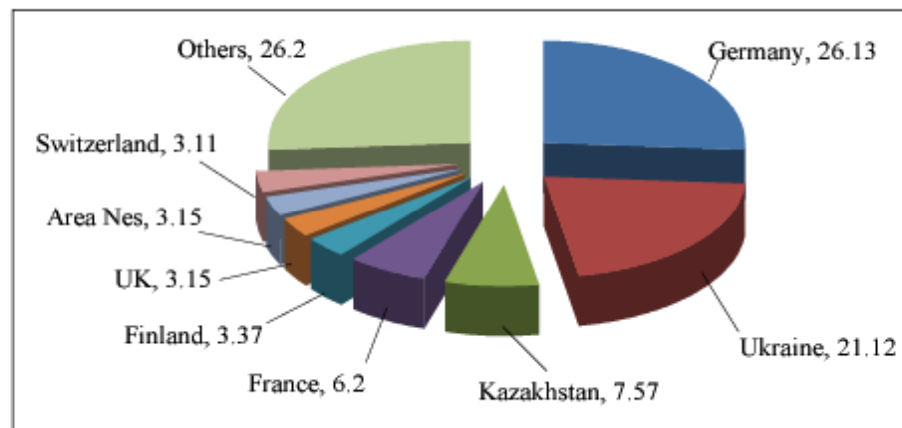
Export to different countries

Though Russia is the 12th largest knitwear importer of the world, it also exports a significant volume of knitwear to the world. Total knitwear export by Russian Federation to the world was worth US\$ 19.744 million and US\$ 17.659 million in the year 2010 and 2009 respectively, which is increased by worth US\$ 2.085 million from the year 2009. Germany is the leading knitwear buyer of Russian knit market with US\$ 5.159 million purchase (which is about 26.13% of Russian knitwear export value) in the year 2010 compare to Ukraine and Kazakhstan with import values US\$ 4.169 million and US\$ 1.495 million in the same year respectively. It is interesting that Germany is also one of the major knitwear suppliers to Russia Federation. One possible explanation of that interesting fact is that the export basket of these two countries may significantly be differentiated with each other. Same explanation can be feasible for neighboring Ukraine. Germany and Ukraine imported about 26.13% and 21.12% of total Russian knitwear export in 2010. Moreover UK and Switzerland have started to purchase larger volume of knitwear from Russia. Previous evidence has shown a dramatically higher import growth rate of these two European countries. Newly Area Nes begun to import the same product from Russia in 2007, but its current import value is similar to that of UK and Switzerland in 2010. Finland is among the other major importing countries in the market.

Table 4: Russian export of knitwear items (HS 61) to different destinations (in million USD)

Country	2006	2007	2008	2009	2010
World	19.019	17.383	17.357	17.659	19.744
Germany	0.351	0.823	0.785	2.483	5.159
Ukraine	1.694	3.196	3.99	2.778	4.169
Kazakhstan	2.335	3.425	3.381	3.367	1.495
France	0.089	0.267	0.314	0.599	1.224
Finland	0.83	0.977	1.136	0.494	0.666
UK	0.033	0.097	0.021	0.166	0.622
Area Nes	0	0.444	0.47	0.37	0.621
Switzerland	0.02	0.019	0.199	0.553	0.615
Others	13.667	8.135	7.061	6.849	5.173

Figure 2: Russian knitwear export share (%) to various destinations in 2010



Sources: calculated by iART from ITC database.

Top Knitwear products exported by Russian Federation

Women cloths along with jerseys, pullovers, cardigans and t-shirts are not only the top import items but also the export items of Russia. The top ten exportable knitwear items mentioned below in table 5 occupy 93.72% of total knitwear exports by Russia in the year 2010. However, it was about 82.38% and 75.98% in the year 2008 and 2009 respectively, which have shown a significantly falling trend in top ten knit items export. These items have made worth US\$ 18.505 million in 2010, though it was worth US\$ 14.299 million and US\$ 13.418 million in the year 2008 and 2009 respectively. Moreover, from the past year evidence it is also clear that the export of other knitwear items (except top ten items) have fallen than that of top ten knit items. Among the all knitwear items, only the knit product coded as '6110 occupy 25.86% of total knitwear exports in 2010. During the period Russia exported the item with value US\$ 5.106 million to world. From the trade pattern of Russia Federation with other countries, it is empirically proved that jerseys, pullovers, cardigans and t-shirts, etc are a matter of great attraction for knitwear trader worldwide. That is why Russia is involved with both export and import of the same knit products. Product wise knitwear export scenario of Russian Federation to different countries is provided in the Annex: table 2

Table 5: Top 10 knitwear export items (HS 61) by Russia to the world (in million USD)

Code	Product label	Value in Million USD				
		2006	2007	2008	2009	2010
'6110	Jerseys, pullovers, cardigans, etc, knitted or crocheted	1.867	1.955	2.446	2.932	5.106
'6109	T-shirts, singlets and other vests, knitted or crocheted	4.517	3.174	2.774	3.293	4.665
'6104	Women's suits,dresses,skirt etc&short, knit/croch	4.522	2.269	2.312	2.807	3.012
'6115	Panty hose, tights, stockings & other hosiery, knitted or crocheted	1.143	1.297	1.144	0.719	1.274
'6102	Women's overcoat,cape, etc,knitted/crocheted, o/t of hd 61.04	0.206	0.344	0.433	0.582	1.174
'6108	Women's slippers,pyjamas, bathrobes etc, knitted/crocheted	0.898	1.16	1.062	0.89	1.098
'6112	Track suits, ski suits and swimwear, knitted or crocheted	0.146	0.354	0.35	0.805	0.693
'6101	Men's overcoats, capes, etc, knitted/crocheted, o/t of hd 61.03	1.225	1.4	2.61	0.192	0.57
'6103	Men's suits,jackets, trousers etc&shorts, knit/croch	1.38	1.401	0.648	0.822	0.532
'6116	Gloves, mittens and mitts, knitted or crocheted	0.818	0.657	0.52	0.376	0.381

Sources: calculated by iART from ITC database.

History of Russia - Bangladesh trade relation

The Russia Bangladesh relations had begun before the emergence of Bangladesh as a sovereign country. During the period of freedom fight in 1971, Russia had not only supported the legal rights of Bangladeshi people for their independence but also help politically, diplomatically and even economically. The Former Soviet Union declared Bangladesh as a priority nation just after the year of independence (1973). For knitwear, Russia is the 30th largest export destination for Bangladesh representing 1.09% of its all knitwear export market in 2010. However, Bangladesh is the 5th import source for Russian Federation representing 3.76% of its total knitwear imports in the same period. Total bilateral trade (all products) was US\$ 371.210 million in 2007, where export to Bangladesh was US\$ 308.071 million and import from Bangladesh was US\$ 63.139 million. Bangladesh exports fish & other frozen foods, tobacco & tobacco manufacturing, leather & other leather products, textiles, ceramics, aircraft and its parts, etc to Russia, whereas it imports cereals, oil seeds, oleagic fruits, grain, seeds, fruits, etc from Russian Federation.

Export by Bangladesh

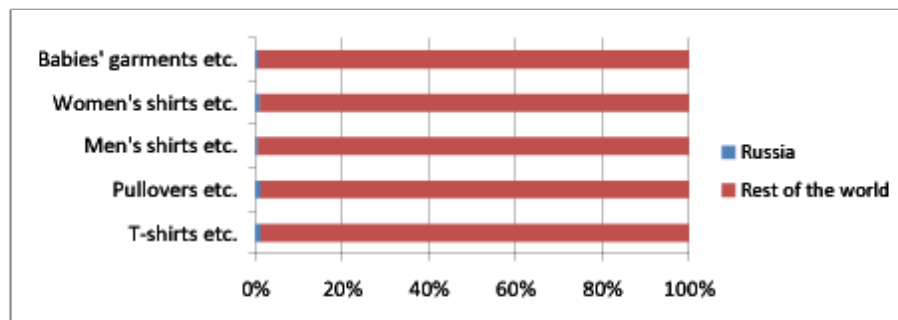
Table 6: knitwear export items (HS 61) by Bangladesh to Russia & world (in million USD)

Code	Product label	BD's exports to Russia			BD's exports to world		
		2008	2009	2010	2008	2009	2010
6109	T-shirts, singlets and other vests, knitted or crocheted	21.503	22.979	39.176	2737.179	2754.949	3165.291
6110	Jerseys, pullovers, cardigans, etc, knitted or crocheted	23.285	27.441	38.708	2668.243	2764.1	2975.745
6104	Women's suits, dresses, skirt etc & short, knit/croch	2.7	3.631	7.683	330.077	457.662	607.977
6105	Men's shirts, knitted or crocheted	1.521	1.43	2.916	515.672	511.223	595.926
6106	Women's blouses & shirts, knitted or crocheted	1.322	1.708	2.313	236.426	227.083	225.085
6111	Babies' garments, knitted or crocheted	0.715	1.194	1.929	180.799	233.655	290.461
6103	Men's suits, jackets, trousers etc & shorts, knit/croch	0.633	0.613	1.456	152.459	139.254	174.111
6108	Women's slips, panties, pyjamas, bathrobes etc, knitted/crocheted	0.542	0.317	0.742	273.805	279.785	335.217
6107	Men's underpants, pyjamas, bathrobes etc, knit/croch	0.485	0.237	0.595	120.121	139.156	175.058
6102	Women's overcoat, cape, etc, knitted/crocheted, o/t of hd 61.04	0.171	0.255	0.467	75.714	72.527	102.17
6112	Track suits, ski suits and swimwear, knitted or crocheted	0.07	0.073	0.316	32.585	44.604	46.767
6114	Garments, knitted or crocheted, nes	0.049	0.179	0.292	73.398	78.925	98.561
6101	Men's overcoats, capes, etc, knitted/crocheted, o/t of hd 61.03	0.146	0.228	0.245	57.358	61.548	74.27
6117	Clothing accessories, knitted/croch	0.023	0.048	0.112	4.548	5.173	8.166
6115	Panty hose, tights, stockings & other hosiery, knitted or crocheted	0.083	0.016	0.054	6.311	7.793	10.722
6116	Gloves, mittens and mitts, knitted or crocheted	0	0.008	0.001	2.115	1.147	3.009
6113	Garment, made up of knitted/crocheted fabric of hd no 59.03,06,07	0	0	0	7.18	7.814	6.84

Sources: calculated by iART from ITC database.

From the previous evidence described in table 6, T-shirts remain as the top imported items in Russian Federation from Bangladesh. During the year 2010, Bangladesh has exported that items coded as HS 6109 with value US\$ 39.176 million, which is higher than that in 2009 by US\$ 16.197 million. Along with T-shirts, Jerseys, pullovers, cardigans etc. coded as HS 6110 remains as the second top items on knitwear export bundle of Bangladesh to Russian Federation. The export value of Bangladesh for the second top imported item to Russia is US\$ 27.441 million and US\$ 38.708 million in the year 2009 & 2010 respectively. These statistics have proved sufficiently that the import demand of Russia for T-shirt from Bangladesh has sharply increased with growth rate 70.49% in 2010 and placed as prime knitwear import items. The revealed significant Russian consumer behavior for cotton items e.g. T-shirt etc can be used by Bangladeshi knitwear manufacturers & exporters for further trade strategy between Russia & Bangladesh to promote knitwear imports.

Figure 3: Bangladeshi knitwear (top 5) export (%) to Russia & Rest of the world in 2010



Sources: calculated by iART from ITC database (corresponding data are provided in the Annex: table 3).

As described earlier that Bangladesh is the second largest knitwear exporter in the world after China. It is our interest to know how much of knitwear are exported by Bangladesh to Russia and how much to rest of the world. During the year 2010 Bangladesh has exported the top five knit products e.g. T-shirts, Pullovers, Men's shirts, Women's shirt and Babies' garments to Russia occupying 1.24%, 1.3%, 0.49%, 1.035% and 0.66% respectively of its total respective knit product exports. The existing evidence shows that Bangladesh has owned a lower market share of Russian knitwear market compared to that of rest of the world.

Import of Russian Federation

Jerseys, pullovers, cardigans etc remains as the first top imported item in Russia from the world. However among the Bangladeshi knitwear products it has been seen as second top import item. During the year 2010, Russia has imported that items coded as HS 6110 with value US\$ 720.350 million, which is higher than that in 2009 by US\$ 238.076 million. Along with those items, T-shirts, etc. coded as HS 6109 remains as the second top items on knitwear import basket of Russian Federation. The import value of Russia for the second top imported item from Bangladesh is US\$ 22.979 million and US\$ 39.176 million in the year 2009 & 2010 respectively.

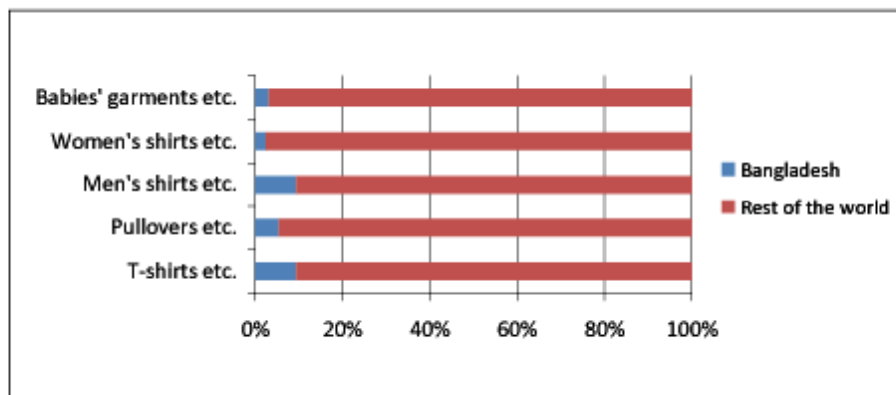
Table 7: knitwear import items (HS 61) of Russia from Bangladesh & world (in million USD)

Code	Product label	Russia's import from BD			Russia's import from world		
		2008	2009	2010	2008	2009	2010
6109	T-shirts, singlets and other vests, knitted or crocheted	21.503	22.979	39.176	353.072	288.273	415.097
6110	Jerseys, pullovers, cardigans, etc, knitted or crocheted	23.285	27.441	38.708	538.99	482.274	720.35
6104	Women's suits, dresses, skirt etc&short, knit/croch	2.7	3.631	7.683	164.195	163.603	307.241
6105	Men's shirts, knitted or crocheted	1.521	1.43	2.916	29.785	25.76	31.082
6106	Women's blouses & shirts, knitted or crocheted	1.322	1.708	2.313	78.518	69.063	94.905
6111	Babies' garments, knitted or crocheted	0.715	1.194	1.929	37.564	40.415	60.812
6103	Men's suits,jackets,trousers etc&shorts, knit/croch	0.633	0.613	1.456	30.051	28.52	52.153
6108	Women's slips,panties,pyjamas, bathrobes etc, knitted/crocheted	0.542	0.317	0.742	132.089	103.23	169.506
6107	Men's underpants,pyjamas,bathrobes etc, knit/croch	0.485	0.237	0.595	67.152	46.47	80.39 9
6102	Women's overcoat,cape, etc,knitted/crocheted, of hd 61.04	0.171	0.255	0.467	17.372	14.149	16.889
6112	Track suits, ski suits and swimwear, knitted or crocheted	0.07	0.073	0.316	63.68	51.029	69.819
6114	Garments, knitted or crocheted, nes	0.049	0.179	0.292	6.113	7.073	10.826
6101	Men's overcoats, capes, etc, knitted/crocheted, of hd 61.03	0.146	0.228	0.245	14.047	12.522	14.789
6117	Clothing accessories, knitted/croch	0.023	0.048	0.112	18.803	16.535	44.599
6115	Party hose, tights, stockings & other hosiery, knitted or crocheted	0.083	0.016	0.054	251.368	253.316	417.436
6116	Gloves, mittens and mitts, knitted or crocheted	0	0.008	0.001	30.729	25.666	71.851
6113	Garment, made up of knitted/crocheted fabric of hd no 59.03.06,07	0	0	0	0.667	1.381	2.624

Sources: calculated by iART from ITC database.

These records have shown sufficiently that the import demand of Russia for jerseys, pullovers, cardigans etc from Bangladesh has dramatically increased with growth rate 41.06%.

Figure 4: Russian knitwear (top 5) import (%) from BD & Rest of the world in 2010



Sources: calculated by iART from ITC database (corresponding data are provided in the Annex: table 4).

Since described earlier that Russia produces only about 30% of total domestic knitwear consumption and imported remaining 70% from different countries. It makes us curious to know how much of that are imported from Bangladesh and how much are from rest of the world. During the year 2010 Russia has imported the top five knit products e.g. T-shirts, Pullovers, Men's shirts, Women's shirt and Babies' garments from Bangladesh occupying 9.44%, 5.37%, 9.38%, 2.44% and 3.17% respectively of its total respective knit product imports. The past evidence shows that Bangladesh has exported a smaller part of total Russian knitwear demand. Bangladesh can raise its knitwear market share in Russia by achieving price competitiveness, GSP facilities etc.

Pricing structure of various competitors in the Russian market

Price is the key determinant to select amount of good demanded and/or source of that good which is also implied by law of demand. In many cases China has achieved the price competitiveness where Bangladesh is competing mainly with China to lower its price at least the level as same as China. In some cases, for example for HS 611090, HS610510 Bangladesh has shown its competitiveness in Russian market.

Table 8: Price³ structure of Russian Federation knitwear imports in USD

Product Code	Country	2008	2009	2010	Product Code	Country	2008	2009	2010
HS 610910	Bangladesh	3.22	2.92	2.68	HS 610610	Bangladesh	3.89	3.56	3.43
	China	2.45	2.76	2.56		China	3.76	3.65	3.11
	Italy	7.84	9.40	12.32		Italy	21.94	9.81	13.95
	Turkey	5.52	6.22	3.46		Turkey	10.32	7.24	5.96
	Uzbekistan	1.31	1.13	1.22		Uzbekistan	2.72	2.11	2.49
HS 611030	Bangladesh	8.45	8.68	8.29	HS 611011	Bangladesh	16.67	14.65	13.47
	China	7.57	6.89	6.14		China	13.76	12.87	8.71
	Italy	12.68	14.95	16.89		Italy	39.41	58.07	61.24
	Turkey	10.03	11.83	10.70		Turkey	18.39	25.13	19.82
	Uzbekistan					Uzbekistan		5.89	4.54
HS 611020	Bangladesh	6.00	6.14	6.35	HS 610990	Bangladesh	6.90	4.90	4.64
	China	6.08	5.92	4.85		China	4.89	4.88	3.79
	Italy	15.54	16.81	22.79		Italy	5.90	6.22	6.21
	Turkey	10.43	11.79	7.01		Turkey	7.64	6.85	5.74
	Uzbekistan	2.25	1.09	1.36		Uzbekistan	2.51	2.33	3.08
HS 611090	Bangladesh	9.67	9.97	6.41	HS 611190	Bangladesh	72.76	106.03	79.74
	China	11.85	11.12	11.80		China	19.93	39.31	42.29
	Italy	35.08	37.77	63.22		Italy	44.99	96.93	66.73
	Turkey	10.94	9.77	16.16		Turkey	39.09	44.96	59.69
	Uzbekistan		1.46			Uzbekistan			
HS 610510	Bangladesh	5.25	5.19	4.79	HS 611120	Bangladesh	32.47	28.80	26.58
	China	5.29	5.90	5.44		China	24.64	23.97	24.68
	Italy	12.91	21.86	34.08		Italy	33.35	52.55	50.26
	Turkey	11.67	11.44	12.50		Turkey	26.27	38.04	24.20
	Uzbekistan	2.04	2.27	2.58		Uzbekistan	14.28	14.21	14.42

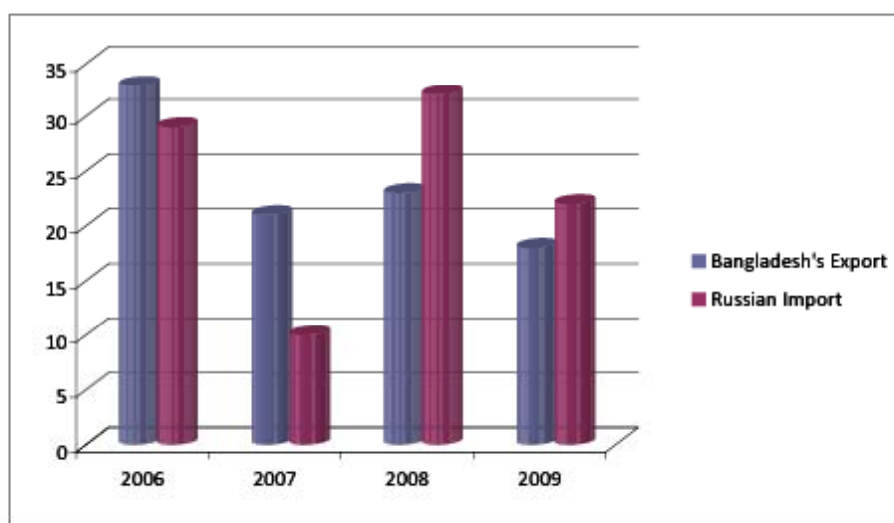
Sources: Author's compilation from WITS Data Base

³Price is calculated from value quantity ratio of the respective items

Export growth and prospect for Bangladesh

As described earlier that Russia is the 12th knitwear importer country of the world whereas Bangladesh is the 5th exporter (but second largest exporter in the world market) in the Russian knitwear market. The growth trends of Bangladeshi export and Russian import indicate that they have been moving together in the same dimension with different rates. During the first two years i.e. 2006 & 2007, the export growth rates of Bangladesh to Russia were higher than the import growth rates of Russia from world and it were about 33%, 21% as export growth rate and 29%, 10% as import growth rate in these years respectively. However, reverse scenario were been observed in the latter two years and it was about 23%, 18% as export growth rate and 32%, 22% as import growth rate in the year 2008 and 2009 respectively. From the price structure described in table 12 it is found that Bangladesh is the 3rd lower price exporter to Russian knitwear market, but its export growth rate is falling! The significant reason for this reverse scenario may be the tariff and non-tariff barriers. Bangladesh faces not only compound tariff structure imposed by Russia on its knitwear but also rigid banking system. In Russia import duty for Knitwear is very much high which is 20% on FOB value (as ad valorem duty) plus min EURO 3 to 16 MAX per KG (as specific duty). Moreover Banks in Russia generally charge 100% margin to open L/C in favor of Bangladesh, which hinders Bangladeshi export significantly. It should be mentioned that in many countries GSP scheme like EU, Japan, Canada, Australia, New Zealand and Switzerland etc, Knitwear products are included. But in Russian GSP scheme, these are not included! If Bangladesh could be able to remove or minimize these road blocks for knitwear export, it would be the first knitwear exporter in Russian knitwear market passing China or any other country.

Figure 5: Annual growth rate of BD's export of knitwear to Russia compared to Russian import growth.



Sources: calculated by iART from ITC database (corresponding data are provided in the Annex: table 5).

Marketing Tips

- A strong advertising policy and campaign will help Bangladesh knitwear manufacturers to gain a strong foothold in Russian Federation market.
- Garments must be made keeping the consumer's tastes and preferences.
- Garments manufacturers must focus on a perfect balance between style, comfort and adopt themselves with the demand for Russian consumers.
- Country image building activities in various means should be adopted with advanced marketing policy to create a positive image in the mind of the consumers. Trade bodies can play key roles in this regard.

Textile promotional fairs in Russian Federation

INLEGMASH'2012-13th International Exhibition for Equipment and Technology in the Light Industry.

Date: March 12-14, 2012

Venue: Moscow, Russian Federation.

Business Sectors: Equipment for the light industry, as well as technical textile and nonwovens.

Obuv. Mir Kozhi - 2011. Autumn - 35-th International Exhibition.

Date: 18.10.2011 - 21.10.2011

Venue: Moscow, Russia

Business Sectors: textiles, Clothing, Shoes, Leather Goods, Jewelry and their equipment etc.

Textile and clothing related resources

Russian Union of Entrepreneurs of Textile & Light Industry.

117036, Moskva (Moscow), RUSSIA

Tel: +7 (95) 124 6433

Fax: +7 (95) 124 5392

e-mail: info@rostextile.com

Russian Union of Exhibitions and Fairs.

221 Office, 13 Sovnarkomovskaya St., GSP-1080, Nizhny Novgorod, 603950, Russia

Telefax: +7 (831) 277-56-95, 246-00-79

Tel.: +7 (831) 277-51-73

e-mail: info@ruef.ru

<http://www.ruef.ru>

Russia-Europe Textile Alliance (R.E.T.A.).

9/3, Poslannikov per.

105005 Moscow, Russia

Tel: (495) 589 18 81

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e-Mail: igor.salomakhin@r-e-t-a.ru

Embassy of Bangladesh in Russian Federation⁴

Embassy of the People's Republic of Bangladesh, Moscow.

Address:

Moscow 119121, Zemledelcheski Perulok 6

Telephone: (7499)-246-7804; Fax: 766-4300

Map Location: Nearest Metro Station: Kievsky

Office Hours: 0930 hrs to 1730 hrs (Monday to Thursday) & 0930 hrs to 1730 hrs with break 1300 hrs –1400 hrs (Friday).

Local Time: GMT (+) 4 Hours

Weekly Holidays: Saturday and Sunday

References

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- WITS Data Base.
- World Fact Book of CIA.
- www.russiaexport.net.
- www.export.by.
- U.S Department of State.
- Export Promotion Bureau of Bangladesh.
- World Trade Organization.
- www.textileexpo.ru.
- www.ruef.ru.

ANNEX

Table 1: Knitwear import items (HS 61) of Russia from the world (in million USD)

Code	Product label	Value in Million USD								
		2006	2007	Growth/ %/ 2007	2008	Growth/ %/ 2008	2009	Growth/ %/ 2009	2010	Growth/ %/ 2010
'6110	Jerseys, pullovers, cardigans, etc.	212,862	358,941	68.63	538,99	50.16	482,274	-10.52	720,35	49.36
'6115	Panty hose, tights etc.	78,461	105,171	97.77	251,388	61.99	253,316	0.77	417,436	64.79
'6109	T-shirts, singlets and other vests.	123,532	225,216	82.31	353,072	66.77	288,273	-18.35	415,067	43.99
'6104	Women's suits, dresses etc.	45,787	92,895	102.89	164,195	76.75	163,603	-0.36	307,241	87.79
'6108	Women's slips, panties, bathrobes etc.	51,287	93,803	82.90	132,089	40.82	103,23	-21.85	169,506	64.2
'6106	Women's blouses etc.	22,057	48,305	119.01	78,518	62.54	69,063	-12.04	94,905	37.42
'6107	Men's undershirts, pyjamas etc.	24,394	41,494	70.10	67,152	61.83	46,47	-30.6	80,399	73.01
'6116	Glove s, mittens etc.	13,788	19,999	44.10	30,729	54.66	25,666	-16.48	71,851	179.95
'6112	Track suits, ski suits etc.	15,105	39,939	164.41	63,68	59.44	51,029	-19.87	69,819	36.82
'6111	Babies' garments etc.	10,948	22,993	110.02	37,564	63.37	40,415	7.59	60,812	50.47
'6103	Men's suits, jackets etc.	13,327	24,055	80.50	30,051	24.93	28,02	-5.09	52,153	82.86
'6117	Clothing accessories etc.	8,322	13,081	57.18	18,803	43.74	16,535	-12.06	44,099	169.72
'6105	Men's shirts etc.	13,114	22,997	75.36	29,785	29.52	25,760	-13.51	31,092	20.7
'6102	Women's overcoat, cape, etc.	6.5	12,395	90.09	17,372	40.6	14,149	-18.55	16,889	19.36
'6101	Men's overcoats, capes etc.	4,893	9,614	96.48	14,047	46.11	12,522	-10.66	14,789	18.11
'6114	Garments, knitted etc.	2,606	3,701	41.91	6,113	65.17	7,073	15.71	10,826	53.06
'6113	Garment, made up fabric etc.	0,239	0,162	-19.66	0,667	247.4	1,381	107.05	2,624	90.01

Sources: calculated by iART from ITC database.

⁴Source: Ministry of Foreign Affairs of Bangladesh (downloaded on 2011)

Table 2: Knitwear export items (HS 61) by Russia to the world (in million USD)

Code	Product label	Value in Million USD								
		2006	2007	Growth (%)2007	2008	Growth (%)2008	2009	Growth (%)2009	2010	Growth (%)2010
'8110	Jerseys, pullovers, cardigans, etc.	1.897	1.955	4.71	2.446	25.11	2.932	19.87	5.106	74.10
'8115	Panty hose, tights etc.	4.517	3.174	-29.73	2.774	-12.6	3.293	18.71	4.685	41.66
'8109	T-shirts, singlets and other vests.	4.522	2.269	-49.82	2.312	1.89	2.807	21.41	3.012	7.3
'8104	Women's suits, dresses etc.	1.143	1.297	13.47	1.144	-11.79	0.719	-37.15	1.274	77.19
'8108	Women's slips, panties, bathrobes etc.	0.206	0.344	66.99	0.439	25.87	0.582	34.41	1.174	101.72
'8106	Women's blouses etc.	0.898	1.16	29.17	1.062	-8.45	0.89	-16.19	1.066	23.37
'8107	Men's underpants, pyjamas etc.	0.146	0.354	142.46	0.35	-1.13	0.805	130	0.693	-13.91
'8116	Gloves, mittens etc.	1.225	1.4	14.28	2.61	85.43	0.192	-92.64	0.57	196.67
'8112	Track suits, ski suits etc.	1.38	1.401	1.52	0.648	-53.75	0.622	26.85	0.532	-35.28
'8111	Babies' garments etc.	0.818	0.657	-19.68	0.52	-20.85	0.376	-27.69	0.381	1.33
'8103	Men's suits, jackets etc.	0.102	0.296	190.2	0.254	-14.19	0.377	48.43	0.281	-25.46
'8117	Clothing accessories etc.	0.458	0.793	73.14	0.439	-44.64	0.409	-6.63	0.268	-34.47
'8105	Men's shirts etc.	0.3	0.249	-17	0.221	-11.24	0.349	57.92	0.21	-39.83
'8102	Women's overcoat, cape, etc.	0.616	1.1	78.57	1.489	35.36	0.775	-47.95	0.168	-78.32
'8101	Men's overcoats, capes, etc.	0.308	0.309	0.32	0.369	19.42	0.208	-43.63	0.151	-27.4
'8114	Garments, knitted etc.	0.514	0.619	20.43	0.287	-53.63	0.22	-23.34	0.145	-34.09
'8113	Garment, made up fabric etc.	0.001	0.004	300	0	-100	1.904	19.87	0.017	-99.11

Sources: calculated by iART from ITC database.

Table 3: Bangladeshi knitwear (top 5) export to Russia & Rest of the world in 2010

	Russia (in percentage)	Rest of the world (in percentage)
T-shirts etc.	1.24	98.76
Pullovers etc.	1.3	98.7
Men's shirts etc.	0.49	99.51
Women's shirts etc.	1.03	98.97
Babies' garments etc.	0.66	99.34

Sources: calculated by iART from ITC database.

Table 4: Russian knitwear (top 5) import from BD & Rest of the world in 2010

	Bangladesh (in percentage)	Rest of the world (in percentage)
T-shirts etc.	9.44	90.56
Pullovers etc.	5.37	94.63
Men's shirts etc.	9.38	90.62
Women's shirts etc.	2.44	97.56
Babies' garments etc.	3.17	96.83

Sources: calculated by iART from ITC database.

Table 5: Annual growth rate of BD's export of knitwear to Russia compared to Russian import growth.

	Bangladesh's Export (in percentage)	Russian Import (in percentage)
2006	33	29
2007	21	10
2008	23	32
2009	18	22
2010	33	29

Sources: calculated by iART from ITC database.

HIGHLIGHTS OF RUSSIAN FEDERATION KNITWEAR MARKET

- Russian Federation is one of the richest countries in the world in terms of energy, mining and other natural resources.
- GDP of Russian Federation is US\$ 2.223 trillion (PPP, 2010 estimate).
- GDP per capita of Russian Federation is US\$ 15,900 (PPP, 2010 estimate).
- Russian Federation is the 7th largest economy in the world.
- About 70% of total domestic knitwear consumptions are imported.
- Russian Federation has imported about US\$ 2.5 billion knitwear from the world.
- China is the first largest exporter into Russian knitwear market with trade value of US\$ 1.3 billion and occupying 50.17% of total Russian knit imports in 2010.
- Moreover, Bangladesh is the fifth larger exporter into Russian knitwear market with trade value of US\$ 97.005 million and occupying 3.76% of total Russian knit imports in 2010.
- Jerseys, pullover & cardigans were the top import items of Russian Federation during 2010.
- In the same period, also Bangladesh exported same good to Russia with highest value in export bundle.
- In Russian Federation value-added tax are 0%, 10%, 18% for electricity, transportation of passengers, goods or oil, certain foods, children's goods, medical/ pharmaceutical products, certain books or periodicals and the remaining goods & services respectively.

LIST OF FEW PUBLICATIONS BY iART

Market Brief:

A Brief on Canadian Knitwear Market	2007
A Brief on USA Knitwear Market	2007
A Brief on Polish Knitwear Market	2008
A Brief on Japanese Knitwear Market	2008
A Brief on Australian Knitwear Market	2008
A Brief on German Knitwear Market	2008
A Brief on Hong Kong Knitwear Market	2010
A Brief on South African Knitwear Market	2010

Export Statistics:

Apparel Export Statistics of Bangladesh - fiscal year 2007 - 08 (1st edition).	2008
Apparel Export Statistics of Bangladesh - fiscal year 2007 - 08 (2nd edition).	2010

A Brief on iART's Market Brief

Publishing Market Brief is an effort to explore the unexplored area of world knitwear market. EU is the major partner of Bangladeshi knitwear. More than 75% of our total knitwear export goes to this region. Most of our EU export is concentrated in five or six countries. Rest of the countries has great potential. About 90% of our total knitwear export is concentrated in the EU and the USA. It is necessary for Bangladesh to reduce dependence from the two major markets and diversify her export to the rest of the world. Market Brief is that initiative to create scope for the Bangladeshi manufacturers providing the basic information related to our unexplored area of world knitwear.



iART's Upcoming Market Brief:

Market Brief

A Brief on Brazilian Knitwear Market

A Brief on South Korean Knitwear Market

Export Statistics

Apparel Export Statistics of Bangladesh - fiscal year 2010 - 11 (3rd edition).

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