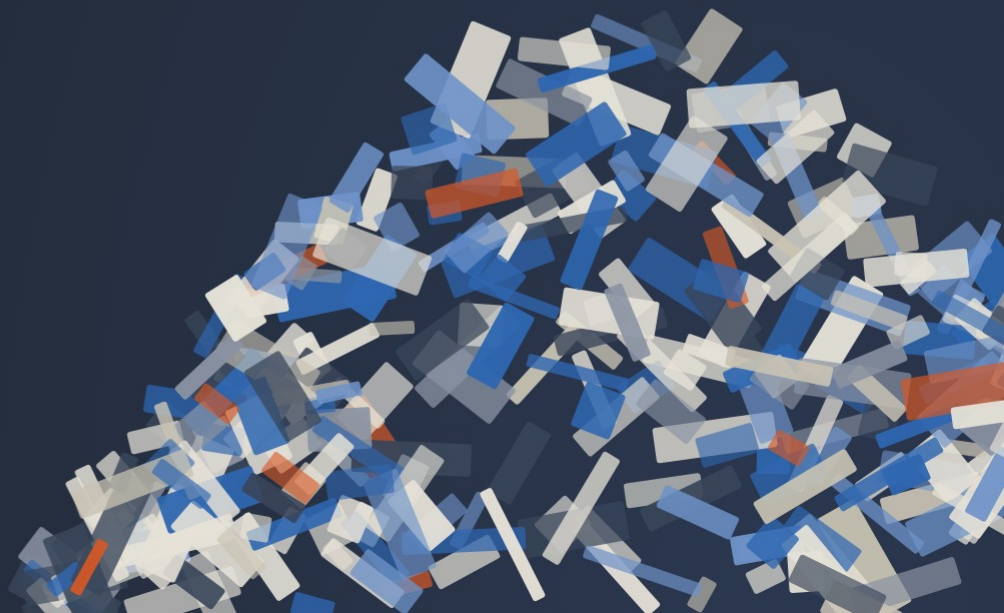
Shamiul Hoque Sustainability & Circular Economy

WHITE PAPER · VERSION 1.0 · OCTOBER 2026

Who Will Own the Waste?

A call for a multi-stakeholder accord on Bangladesh's textile waste sector

Shamiul Hoque
Dhaka, Bangladesh



shamiulhoque.com
linkedin.com/in/shamiulhoque

ABOUT THIS PAPER

This white paper is part 3 of *Who Will Own the Waste?*, a four-part series published on LinkedIn in October 2026. Parts 1 and 2 set out the problem and why five years of recommendations have not moved. This paper sets out the proposal.

Version 1.0, October 2026. The latest version is available at shamiulhoque.com.

How to cite: Hoque, S. (2026). *Who Will Own the Waste? A call for a multi-stakeholder accord on Bangladesh's textile waste sector*. Version 1.0. shamiulhoque.com

Sources are numbered in square brackets and listed at the end. Where a figure is an estimate, my own observation, or could not be fully verified, the text says so.

© 2026 Shamiul Hoque. You are welcome to share this paper in full, with attribution. Please get in touch before quoting it at length or adapting it.

I wrote this paper in a personal capacity, but not in isolation. I work full time at Reverse Resources, and the paper draws on data, field experience and access to information I have through that work. Its ideas are aligned with Reverse Resources' work on traceable, formal trade in textile waste. The views, and any errors, are my own, and do not necessarily represent SusNex or any other organisation I work with.

CONTENTS

Summary

1 The problem as it is

2 Who actually runs jhut

3 Why five years of good recommendations have not worked

4 The recognition gap: why brands look away

5 What Rana Plaza taught us

6 The proposal: a multi-stakeholder accord for the waste tier

7 Who must be at the table

8 Where it could live

9 Hard questions, honest answers

10 The ask: the next 12 months

Acknowledgements

Sources

About the author

Summary

Bangladesh's textile waste sector will not formalise through more policy papers. It will formalise when the people who buy from Bangladesh, the people who govern it and the people who work in it sign up to one shared, binding commitment, as they did after Rana Plaza.

Every year Bangladesh's garment factories generate an estimated 400,000 to 577,000 tonnes of pre-consumer waste, known locally as *jhut*. Close to 200,000 people earn a living from it. Around two-thirds leaves the country raw, only a single-digit share is recycled at home, and what happens to the rest is largely unknown. At the factory gate, the trade is controlled by locally powerful groups with political backing. Since the change of government, more than 50 violent clashes over who gets to collect it have been reported.

The gate is also where the money goes. Factories get very little for their waste, and handlers are paid for the real work of sorting, storing and baling it, but the biggest margin goes to whoever controls the gate. In my experience, that mark-up runs from roughly 30% to 70%, for no added value. It is passed down the chain into the price of recycled fibre, yarn and, finally, the premium brands pay for recycled content.

Since 2021 we have had no shortage of diagnosis. GIZ, UNIDO, Circle Economy, BGMEA, BTMA, academics and companies like Reverse Resources, where I work, have all published studies, briefs and recommendations. Most of them agree on the problem and broadly agree on the fixes. Very little has moved. I don't think that is because anyone was wrong. I think it is because every recommendation was addressed to actors who either could not act alone or had good reasons not to.

This paper proposes something different in kind: a **multi-stakeholder accord for the textile waste tier**, working name the Bangladesh Textile Waste Accord. Brands and retailers, manufacturers, waste handlers, recyclers, trade unions and labour foundations, circular economy and civil society organisations, development partners and government would join one platform with binding commitments. It would run on two tracks, as the response to Rana Plaza did: a binding agreement between buyers, labour and industry, and a parallel compact with government. I believe Team Europe is best placed to convene it, with labour foundations such as BLF and Mondiaal FNV anchoring the workers' side.

> The first and most important step is simple to state and hard to do. **Brands and retailers must formally recognise waste handlers as part of their value chain.** Everything else follows from that.

This is not only a Bangladeshi question. If a garment is made with recycled cotton, the waste behind it has most likely passed through an informal handling channel, whether in Bangladesh, India, Pakistan, Vietnam or China. Bangladesh is the place to start, because it has built a binding, brand-backed model once before. Getting it right would make recycled materials cheaper, as they logically should be, and help Bangladesh compete on recycled fibre the way

it already competes on garments. No single organisation can carry this, including Reverse Resources. It needs all of us.

1 The problem as it is

Jhut is one of the largest and cleanest streams of pre-consumer textile waste in the world, and Bangladesh is wasting it. Let me put the facts plainly.

The volume is large. Estimates range from 400,000 to 577,000 tonnes a year [1]. A large share is 100% cotton or cotton-rich cutting waste, exactly what brands now need for recycled content.

Very little of the value stays here. Around two-thirds is exported raw. By most estimates, only a single-digit share is recycled inside Bangladesh. The trade I can see directly points the same way. Of the waste traded through Reverse Resources' traceability platform between April 2025 and April 2026, 84% went to recyclers in India and 11% to Pakistan. Only 4% stayed in Bangladesh [2]. That covers traced trade only, not the whole sector, and it may lean towards the cotton grades the platform handles most, but the direction is clear. We export raw material and import it back as recycled yarn.



Figure 1. Where Bangladesh's jhut goes. Indicative shares based on published estimates [1]; no unified national data exists.



Figure 2. Destination of waste traded through Reverse Resources' traceability platform, April 2025 to April 2026. Traced trade only, not national figures [2].

Much of the rest is unaccounted for. What happens to the remainder is largely unknown. Some is upcycled, some is burned in boilers for energy and some is dumped. There is no unified national data. Every tonne burned is a tonne of cotton we paid to import, wasted twice.

The people behind it are invisible. Circle Economy and the Labour at Informal Economy Society estimate that between 176,400 and 213,900 people work in the jhut economy, across 12 clusters in ten districts, based on interviews, focus groups and field observation [1]. Most work without contracts, on piece rates, in dusty godowns without protective equipment. Child labour has been observed. Women sorting jhut in Gazipur face real risk of harassment and gender-based violence. Debt to microcredit lenders is common.

The trade is violent. Since the change of government, more than 50 violent clashes over control of jhut have erupted across the industrial belts, according to reporting by *Bonik Barta* [3]. In early April, a child was hit by gunfire in Fatullah, Narayanganj, during a clash over unloading jhut. On 21 April, at least ten people were injured in a fight over one factory's waste contract in Kaliakair, Gazipur [3]. Over the past few years, I know of at least half a dozen consignments that left a factory bound for a compliant facility and were hijacked on the road, never to be recovered. Drivers have been beaten.

And the formal route has been more expensive than the informal one. A formal jhut sale has carried VAT and advance tax that a cash sale does not. BTGWPEA has cited an effective tax wedge of around 27.5%, while exporting the same kilo raw to India attracts no VAT. When Reverse Resources traded jhut formally, paying VAT on behalf of handlers and factories, it kept losing on price to cash buyers. The market has punished anyone who tries to do it properly.

> **A note on the 2026 tax changes.** The Finance Bill 2026 proposed exempting the supply of sorted and unsorted jhut from VAT under the procurement provider service, and cutting the advance tax on raw materials for the recycling industry from 1.5% to 1% [4]. The Finance Act 2026 was gazetted at the end of June [5]. At the time of writing, I have not been able to confirm with certainty whether, or how, these measures apply in practice, so the tax figures in this paper may be partly out of date. If the exemption is in force, it is a welcome step. It does not change this paper's argument, because tax has never been the main reason this trade stays informal. The gate is.

This is the system brands are increasingly buying recycled content from, and that EU rules are moving towards making them trace.

2 Who actually runs jhut

The jhut trade is informal because informality serves people with power. We should say that openly, because every solution that pretends otherwise has failed.

In most industrial areas the first party to take jhut from a factory is not a recycler or a trader. It is a locally powerful individual or group who controls access to the gate. Circle Economy's 2026 field research lists "politically influential individuals / local power brokers" as the first

actor in the chain, purchasing waste "at nominal prices using influence" [1]. Additional IGP Gazi Jasim Uddin of the Industrial Police told *Bonik Barta* in June that "the jhut trade is run by locally powerful groups". BKMEA President Mohammad Hatem said that "many factory owners lack even the freedom to decide who buys their own jhut", and that they are often denied the actual market price [3].

These groups are not random criminals. They are part of how local politics works in Bangladesh. They provide muscle, mobilisation and loyalty, especially around elections, and in return they are allowed to control lucrative, low-investment businesses. Jhut is one of the best of these: a guaranteed daily flow of valuable material, paid in cash, with almost no regulator watching. When power changes hands nationally, control of the jhut gates changes hands locally, often violently. That is what we have seen since 2024, and it happened in earlier transitions too.

I want to be careful here. This is not about one party or one government. It is a structure that every government has inherited and none has dismantled, because dismantling it costs political support that any party needs. That is exactly why asking the government alone to "formalise the jhut sector" has not worked. It asks the government to dismantle something its own local networks rely on, with nothing to put in its place.

Factory owners are caught in the middle. As I write, one of the largest textile groups in the country has warehouses filling with waste it cannot move. Its brands have nominated where that waste should go, and a compliant recycler is ready to take it. It still cannot choose its buyer. Many owners would happily sell their waste transparently to the best bidder. Some can't, because refusing the local group means trouble for the factory. Some don't try, because the arrangement is quiet and the waste is a small line on their books. Either way, the factory gate is where the chain goes dark.

The gate is also where the money goes. A factory gets the lowest price in the chain for its waste. The handlers who sort, store and bale it are paid for real work. The biggest margin goes to whoever controls the gate, who adds nothing to the material at all. From what I have seen across the trade, the mark-up between the factory gate and the handler's warehouse runs from roughly 30% to 70%, with little logic to it beyond who controls access.

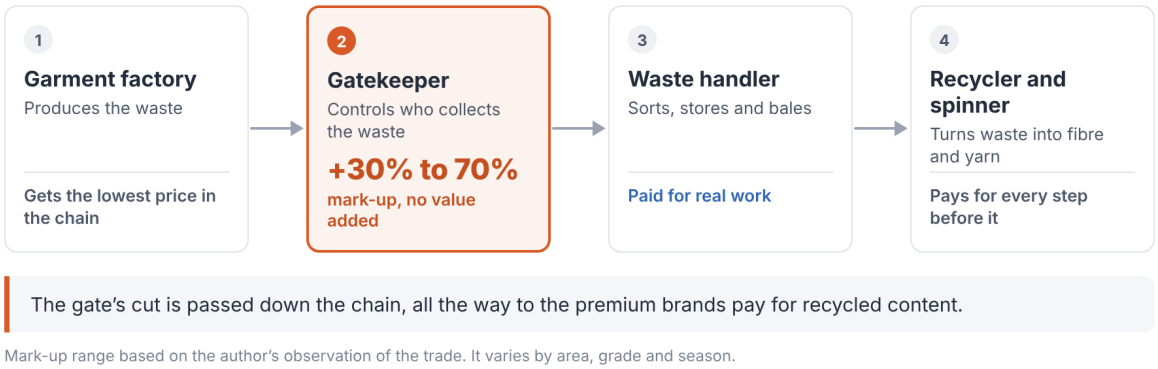


Figure 3. Where the money goes between the factory and the recycler. The mark-up range is based on the author's observation of the trade and varies by area, grade and season.

That cut does not stay at the gate. Recyclers pay it in the price of their feedstock, spinners pay it in the price of recycled fibre, and brands pay it in the premium they are charged for recycled content. Section 6 returns to what removing it would be worth.

The workers and small enterprises downstream are not the problem. They are doing real recycling work, often well, under conditions nobody with power has bothered to improve. They are the ones who will be hurt if "formalisation" means a crackdown without an alternative.

3 Why five years of good recommendations have not worked

The recommendations were mostly right. They failed because nobody with both the power and the incentive to act was bound to act on them.

Look at what has been proposed since the Circular Fashion Partnership reported in 2021. The GIZ and H&M study recommended a national jhut database, handling guidelines, VAT reform, formalisation incentives, sorting hubs and recycling investment [6]. UNIDO's SWITCH2CE proposed mandatory disclosure, export licensing and extended producer responsibility options [7]. BTMA asked for an export ban and VAT removal. Circle Economy and LIE set out a rights-based path for workers [1]. CREATE at Aalborg University proposes a Circular Innovation Foundation [8]. BGMEA, BTGWPEA and Reverse Resources proposed a verified-recycling tax adjustment [9]. The Ministry of Commerce is now drafting a national circular textile strategy [10], [11].

I have read most of these, and helped write some. Five patterns explain why they have not moved the needle.

1. **They were addressed to the government alone.** Almost every paper ends with a list of asks for NBR, the Ministry of Commerce or the Ministry of Labour. As section 2 explains, government has the least incentive of anyone to disturb the jhut economy. A recommendation to an actor who benefits from the status quo is a wish, not a plan.
2. **They asked for formalisation without paying for it.** Formalisation costs money: tax, wages, safety and paperwork. Nobody committed to cover that cost, so the formal route stayed more expensive than the informal one. Reverse Resources' own attempt to trade formally showed exactly that.
3. **They were pilots and projects, not commitments.** SWITCH2CE showed that factories can segregate waste at scale: its pilot factories went from 129 tonnes at baseline to more than 16,000 tonnes. But projects end. Pilots don't bind anyone who wasn't in them, and they don't stop a factory down the road from selling to whoever turns up with more muscle or more cash.
4. **Each stakeholder worked in its own lane.** Labour organisations wrote about workers. Recyclers wrote about feedstock. Brands wrote about recycled-content targets. Tax

experts wrote about VAT. Each was right about its piece. Nobody owned the whole, so the trade-offs between them were never negotiated.

5. **The buyers largely stayed outside the room.** Brands funded pilots and spoke at seminars, but I have not seen a single brand take public responsibility for where its suppliers' waste goes. Without the buyers, nobody had the commercial leverage to make factories, handlers or government change.

None of this is a criticism of the people who did the work. Most of that research is the reason we understand the sector as well as we do today. The point is that diagnosis was never the bottleneck. Shared, binding commitment was.

4 The recognition gap: why brands look away

Brands and retailers have not formally recognised waste handlers as part of their value chain, and that silence is the single biggest reason this sector stays in the dark.

I understand why. The moment a brand says "the handlers who collect our suppliers' waste are part of our supply chain", it takes on responsibility for what happens there: the flimsy warehouses, the labour conditions with no standards at all, the child labour, the dust, the debt, the harassment and the political muscle at the gate. Nobody wants to be first. So the waste tier is treated as the factory's business, not the brand's, even though the brand's orders created the waste.

The law has so far left that door open. The EU's Corporate Sustainability Due Diligence Directive was amended in February 2026 by Directive (EU) 2026/470 [12]. It now applies only to the largest companies: EU companies with more than 5,000 employees and €1.5 billion in turnover, and non-EU companies with €1.5 billion in EU turnover. Member states have until July 2028 to bring it into national law, companies must comply from July 2029, and the EU-wide civil liability regime was removed [12], [13]. Whether handlers who buy a supplier's offcuts fall inside a brand's "chain of activities" is, at best, unclear. That ambiguity suits everyone except the people in the godowns.

Recycled cotton changes the picture. Much of it is spun from cutting waste like jhut, collected from garment factories across Asia. If a garment is made with recycled cotton, the waste behind it has most likely passed through an informal handling channel somewhere along the way, whether in Bangladesh, India, Pakistan, Vietnam or China. At that point the godown is not at the end of the brand's supply chain. It sits at the start, upstream of the raw material. Brands want the material. They do not yet want the chain it comes through.

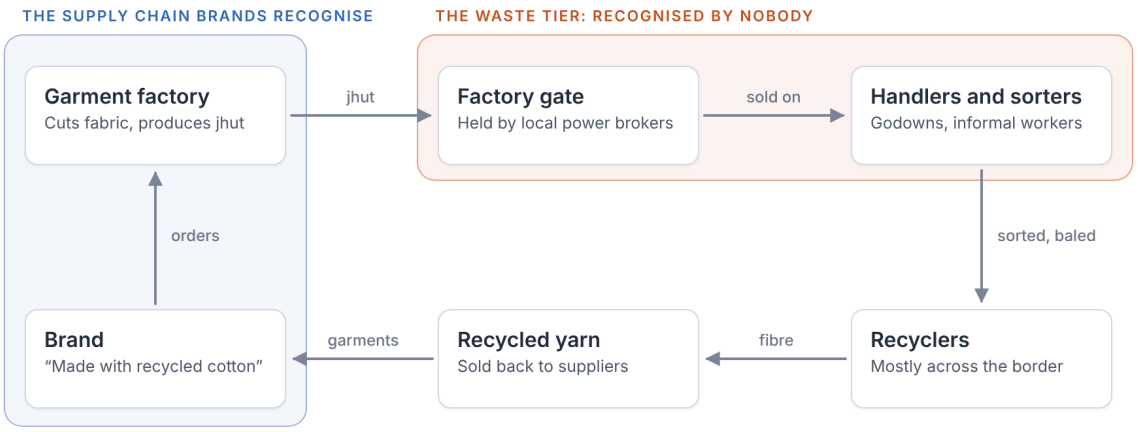


Figure 4. The chain brands buy back from, but don't recognise.

That contradiction cannot last. Many of the same brands have public targets for recycled content, and EU rules on traceable content and digital product passports are on their way. Sooner or later a journalist, an NGO or a regulator will trace a recycled-content claim back to a godown in Gazipur, or one just like it in another country. It is far better for brands to get ahead of that together than to be exposed one at a time.

Recognition matters for another reason. Today there is nobody for media, watchdogs, unions or consumers to hold accountable for the waste tier. The factory points to the handler, the handler points to the local group, and the local group answers to nobody. A nomination letter from a brand means nothing at a gate the brand has never seen. Once brands formally recognise handlers as part of their value chain, accountability has an address. Pressure can then flow the way it did after 2013: from the market, through the brands, to suppliers, government and the informal actors themselves.

Recognition must not become a trigger for brands to cut and run. If brands discover the conditions in the waste tier and respond by banning their suppliers from selling to informal handlers, the material will go to worse channels and the workers will lose their income. That is the trap the Accord avoided in 2013, and we must avoid it here.

5 What Rana Plaza taught us

Bangladesh has already solved a problem like this once. After Rana Plaza, a sector everyone called hopeless became one of the most closely inspected manufacturing bases in the world within a few years [14].

When	What happened
Nov 2012	Tazreen Fashions fire kills more than 110 workers
Apr 2013	Rana Plaza collapses in Savar; more than 1,130 die

When	What happened
May 2013	Accord on Fire and Building Safety: 200+ mostly European brands sign a legally binding agreement with global unions IndustriALL and UNI, with the ILO as independent chair
Jun to Jul 2013	US suspends Bangladesh's GSP; EU, US, ILO and Bangladesh sign the Sustainability Compact; Labour Act amended
Jul 2013	Alliance for Bangladesh Worker Safety formed by about 29 mainly North American brands
2013 to 2018	Independent inspection and remediation of factories; National Initiative covers the rest through DIFE with ILO support; ILO-chaired fund compensates victims
2018	Transition Accord commits to handing over to a national body
2020	RMG Sustainability Council (RSC) takes over the Accord's work in Bangladesh, with industry, brands and unions on its board
2021 to 2023	International Accord continues the binding model and expands to Pakistan; renewed from 1 November 2023 for three years, with automatic renewal
Nov 2025	Worker complaints mechanism expanded beyond safety

What made it work was not one clever idea. It was a combination:

- **Binding commitment.** Brands could not quietly walk away. Disputes could go to arbitration.
- **Collective leverage.** Hundreds of buyers moved together, so no factory could shop around for an easier customer.
- **Remediate, don't exit.** Brands committed to stay with factories that were fixing problems and to help make the fixes affordable.
- **Independent verification and public disclosure.** Inspections were done by independent engineers and the reports were published.
- **Worker voice.** Safety committees and a confidential complaints channel.
- **Government and trade pressure in parallel.** The GSP suspension and the Sustainability Compact gave the government its own reasons to act.
- **A planned handover.** The work moved into a national institution instead of ending with the project.

It was not perfect, and we should be honest about its limits. It covered the formal export tier. Subcontractors, warehouses, godowns and the waste economy stayed outside it. The jhut workers in this paper are, in a sense, the people the Accord never reached. That is exactly the gap this proposal is meant to close. Not everything transfers: the waste tier is made of thousands of small, informal businesses rather than a few thousand registered factories, which is why this proposal puts phasing, financing and worker protection ahead of inspection.

6 The proposal: a multi-stakeholder accord for the waste tier

I am proposing a multi-stakeholder platform, working name **the Bangladesh Textile Waste Accord**, that brings buyers, industry, workers, civil society, development partners and government into one set of binding commitments for the waste tier.

It is not another study, another pilot or another coordination forum. Its value is that its members commit to doing things, together, and can be held to them.

What the Accord would commit its members to

1. **Recognise the waste tier.** Brand and retailer members formally declare that the handlers, traders, sorters and recyclers who receive their suppliers' waste are part of their value chain and fall within their due diligence.
2. **Remediate, don't exit.** Members commit not to respond to problems in the waste tier by cutting off handlers or banning suppliers from selling to them. They stay, and fund improvement, as long as the handler is improving. Where a handler does not improve, the response is a time-bound corrective plan with support, and suspension from the programme only as a last resort.
3. **Channel waste through participating handlers.** Over an agreed phase-in, brand members ask their suppliers to sell waste to handlers who have joined the Accord's programme. Supplier members commit to do so. Because many buyers ask at once, factories gain cover to say no to the gate.
4. **Make formal cost no more than informal.** Members share the cost of formalisation: a contribution per tonne or per order, commercial commitments to buy recycled content from the verified chain, and joint advocacy to remove any remaining tax penalty on domestic, traceable trade. The next section shows what that gap costs.
5. **Verify independently and publish.** Handlers in the programme are assessed against a common standard covering legal registration, labour law, fire and occupational safety, waste handling and traceability. Progress is published, as Accord inspection reports were.
6. **Give workers a voice.** A confidential grievance mechanism for jhut workers, protection against retaliation for those who use it, district-level worker platforms, and union and labour-foundation seats in governance.
7. **Build one shared data layer.** A common, permissioned traceability record from factory to recycler, owned by the Accord and open to any compliant technology provider, so nobody files the same data twice.
8. **Hand over to a national institution.** A clear path, from the start, to a tripartite Bangladeshi body, as the Accord's work passed to the RSC.

What the gap costs

Two things have made the formal route more expensive than the informal one: tax, and the gate.

Tax is the smaller of the two. Reverse Resources' market price data puts segregated, clean knit cutting waste at roughly BDT 15 to BDT 90 per kg, depending on fibre and colour, with woven, denim and 100% polyester waste lower, at roughly BDT 15 to BDT 40 [15]. Applying the 27.5% tax wedge cited by BTGWPEA, the penalty on a formal sale of knit waste would come to roughly BDT 4,000 to BDT 25,000 per tonne, or about US$35 to US$200 [16]. If the 2026 VAT exemption described in section 1 is in force, the real figure is lower still.

> **A note on these prices.** These are aggregated ranges, not a price list. They reflect what buyers further down the chain paid over the past six months; factories themselves receive considerably less (section 2). Prices fluctuate considerably from month to month, and the ranges deliberately use the highest quote for each grade, rounded up, so they overstate rather than understate the tax penalty. Treat them as indicative, roughly 90 to 95% accurate.

Per garment, the tax numbers are smaller still. A typical knit garment leaves around 40 grams of cutting waste. Even at the top of the range, BDT 90 per kg, the tax penalty on that waste is about BDT 1, less than one US cent. For heavier garments that leave 100 to 150 grams of waste, it would be around 2 to 3 US cents. This illustrates the tax component only, not the full cost of formalisation.

The gate costs more. A mark-up of 30% to 70% between the factory and the handler's warehouse (section 2) is larger than the entire tax wedge. Unlike tax, it funds no public service. Unlike the handler's margin, it pays for no work.

Bringing handlers up to a common standard on wages, safety and registration will also cost money, and that should be costed with handlers and workers' organisations in the first year. But the scale is clear. The tax gap is tiny next to the price of the garments the waste comes from, and the gate's cut is bigger than the tax.

What fixing the gate would be worth

The gate's cut does not stay at the gate. Recyclers pay it in the price of their feedstock, spinners pay it in the price of recycled fibre, and brands pay it in the premium they are charged for recycled content.

Remove it, and the saving can be shared. Factories get a fairer price for their waste. Handlers keep a fair return for sorting, storing and baling. The material reaches recyclers for less, and so does the yarn made from it. Waste is a by-product. Once it is collected and sorted, there is no good reason for fibre made from it to cost more than its virgin alternative, yet in my experience brands usually pay a premium for it today.

That is also Bangladesh's opportunity. As I see it, China is the world leader in recycled fibre today, offering the lowest prices while earning healthy margins. Bangladesh has one of the largest and cleanest streams of cotton cutting waste anywhere, next to one of the world's largest garment industries. With a transparent, formal waste tier, it could compete on recycled materials the way it already competes on garments.

What "binding" means

Binding is the word that separates this from every forum before it, so it needs to mean something specific.

- **A signed agreement.** Brand and retailer members, global and national labour organisations and industry associations sign the same text, with commitments and deadlines written down.
- **Independent arbitration.** Disputes between signatories go to binding arbitration, as they could under the 2013 Accord, where unions did take brands to arbitration.
- **Public reporting.** Each member's progress is published, so anyone can check whether commitments are being kept.
- **Fair shares.** Brand contributions are scaled to sourcing volume from Bangladesh, so the largest buyers carry the largest share.

What a signed agreement can do has limits. Brands, unions and industry can bind themselves by contract. Tax rules, registration and policing need government, which is why the second track exists (section 8).

What it would not do

It would not take over the trade, set prices, or replace the government's role in policing violence and extortion. It would not choose one technology provider. And it would not move faster than the people in the sector can safely change. Circle Economy's "do no harm" principle should be written into its charter [1].

How it changes the incentives

Today every actor is better off staying informal. Under the Accord, a factory has buyer cover to sell transparently. A handler has a market and financing that only formal operators can reach. A worker has recognition and a complaint channel. A recycler has visible, predictable feedstock. A brand has defensible recycled-content claims and cheaper recycled material. And the government has a credible, internationally backed reason, and visible support, to take on the gatekeepers it has so far tolerated.

7 Who must be at the table

No single organisation can carry this. Each group below holds a piece of the leverage the others lack, and much of the interest already exists.

Who	What they bring	What they would commit to
Brands and retailers	Commercial leverage over suppliers; demand for recycled content; global visibility	Recognise the waste tier; remediate, don't exit; fund the programme; buy from the verified chain
Manufacturers (BGMEA, BKMEA)	Ownership of the waste; existing UD attestation role	Sell waste to participating handlers; segregate at source; report waste flows
Waste handlers and traders (BTGWPEA and others)	The working network; knowledge of the material	Join the programme; meet the standard over a phase-in; open their operations to verification
Recyclers (domestic and international)	Demand and price signal for quality feedstock	Buy from verified handlers; share grade and quality requirements
Trade unions and labour foundations (IndustriALL, BLF, Mondiaal FNV and others)	Worker trust; organising; grievance experience	Co-govern; run worker platforms and the grievance channel
Circular economy organisations and NGOs	Research, field mapping, standards, convening	Provide the evidence base, standards and monitoring
Team Europe and other development partners (EU, Netherlands, Denmark, Germany through BMZ and GIZ; UNIDO, ILO)	Funding; convening power; trade and policy dialogue with government	Convene the founding group; co-fund the start-up phase; lead the government compact; align programmes with the Accord
Government (Commerce, Labour, NBR, Environment, Industrial Police)	Law, tax, enforcement, the national strategy	Recognise the Accord's standard; remove any remaining tax penalty on traceable trade; protect participants from intimidation
Technology providers, including Reverse Resources	Traceability infrastructure and operational data	Supply the data layer on open, interoperable terms; no exclusivity

Much of the interest is already there. The Ministry of Commerce aims to finalise a National Circular Textile Strategy by the end of 2026 [10]. The Netherlands and Bangladesh signed a circular-economy MoU in August [17], and Solidaridad has just launched a 2.5-year programme on traceability and waste trade [18]. Circle Economy, UNIDO, GIZ, CREATE, BLF and Mondiaal FNV all have active work on jhut. The EU, the Netherlands, Denmark, Germany and other member states launched a Team Europe Initiative on Decent Work in Bangladesh in 2021, which is still listed on the EU's Team Europe tracker [19], [20]. What is missing is the binding layer that ties these efforts together.

8 Where it could live

The Accord does not need a new organisation from scratch. The fastest route is probably an addendum to the International Accord, delivered through the RSC, but each option deserves a serious look.

Home	Strengths	Weaknesses
International Accord addendum, delivered by the RSC	Already binding; brands and unions already signed; tripartite Bangladeshi body exists; proven inspection and grievance systems	Built for factory buildings, not informal godowns; would need a new standard and new skills; signatories must agree to extend scope
ILO, through Better Work or a dedicated programme	Labour legitimacy; government relationship; experience with informal transitions (ILO R204)	Not binding on brands by itself; slower; less commercial
New standalone multi-stakeholder body	Designed for the purpose; can bring in recyclers and technology	Starts with no members, money or credibility; risks becoming one more forum
Existing certification scheme	Standards and auditing already exist	Voluntary; certification alone has never fixed informality; costs fall on handlers
Inside the national circular textile strategy, run by BGMEA or the Ministry	National ownership; aligns with policy	Exposed to the same political pressures this paper describes; brands may not join a producer-led body

My own preference is a two-track model, borrowed directly from 2013. Then, brands and unions signed the binding Accord, while the EU, the US, the ILO and the Government of Bangladesh signed the Sustainability Compact alongside it. Each track gave the other its force.

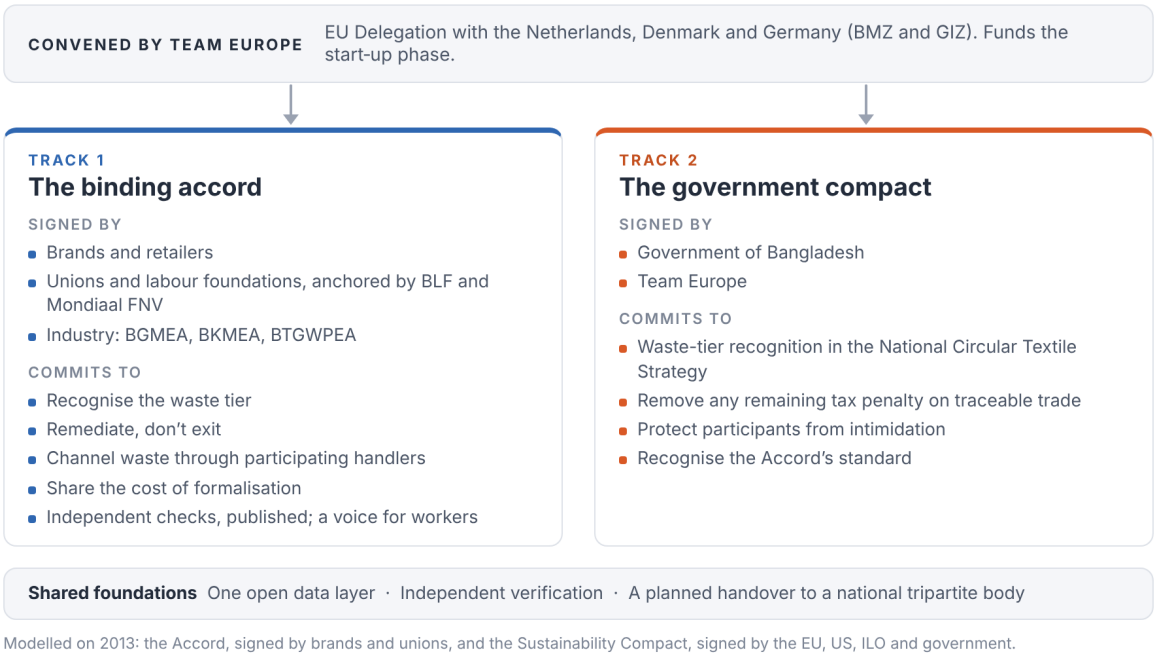


Figure 5. Two tracks, as in 2013: a binding accord and a government compact.

Track 1, the binding accord. Brands, labour and industry sign the commitments in section 6. The fastest home is an addendum to the International Accord, with operational work through the RSC or a sister body and labour standards anchored with the ILO.

Track 2, the government compact. Team Europe and the Government of Bangladesh agree the public side: recognising the Accord's standard, removing any remaining tax penalty on traceable trade, protecting participants from intimidation, and writing waste-tier recognition into the National Circular Textile Strategy. With LDC graduation and future EU trade preferences on the table, both sides have reasons to agree.

Convening. I believe Team Europe, meaning the EU Delegation working with the Netherlands, Denmark and Germany through BMZ and GIZ, is best placed to convene the founding group and fund the start-up phase, with BLF and Mondiaal FNV anchoring the labour side. But the final shape should be agreed by the stakeholders together, not by me.

9 Hard questions, honest answers

Won't the gatekeepers fight back? Probably, at first. That is why this cannot be one factory or one company standing alone, which is exactly how those who tried before were picked off. Collective buyer commitment gives factories cover. Government participation, backed by trade partners, gives the Industrial Police a mandate. And the Accord should offer existing traders a way in: many people now at the gate could become registered, compliant handlers. Formalisation does not have to mean exclusion.

Won't workers lose out? Not if remediation comes before exclusion. Workers' organisations sit in the governance, the phase-in is staged, and the Accord funds improvements rather than shutting godowns down. Registration, equipment and training costs should not fall on the

smallest players; that is what the shared financing is for. The 2026 amendment to the Labour Act already recognises informal workers as workers. The Accord helps make that real.

Why would brands sign up to more responsibility? Because the exposure is coming either way, and because they are already paying for the gate. The EU's due diligence directive now covers only the largest companies, and not before 2029, but recycled-content claims, digital product passports and growing scrutiny from journalists, NGOs and investors will push the waste tier onto brands one by one. Meanwhile, the gate's cut is built into the premium they pay for recycled content. Signing together spreads the cost, gives them a credible answer when they are asked, and could make the recycled feedstock they need cheaper.

Why would government cooperate? Bangladesh is scheduled to graduate from LDC status on 24 November 2026. The UN's Committee for Development Policy has backed its request to defer graduation to 2029, the request has been referred to the General Assembly, and a decision is expected in the coming weeks [21], [22]. Either way, post-graduation trade preferences, including the EU's, will depend on labour and governance credentials. A credible, internationally backed reform of the waste tier is an asset in those negotiations. Government also gains visibility and revenue in a sector where it currently collects little, and a domestic recycling industry that can compete.

Isn't this just about tax? Didn't the 2026 budget fix it? If the jhut VAT exemption is in force, it removes part of the penalty on formal trade, and that is welcome. But the gate still decides who collects the waste, and its cut is larger than the tax ever was. Tax relief on its own will not open the gate.

Why start with Bangladesh, if this happens everywhere? Because the waste tier looks much the same wherever recycled cotton comes from, but only Bangladesh has already built a binding, brand-backed model once, and the institutions from that effort are still in place. If it works here, it can be adapted for India, Pakistan, Vietnam and beyond.

Isn't this just someone from a traceability company asking for traceability? It is a fair question, so let me answer it directly. I work for Reverse Resources, which runs a traceability platform and would benefit from a sector that values traceability. That is why this paper asks for an open, interoperable data layer owned by the Accord, with no exclusivity for any provider, including the company I work for. The platform and price data I cite are offered as evidence, not as a condition, and they should be independently validated before the Accord relies on them. If the Accord chooses another provider, the proposal still stands.

Hasn't this all been said before? The diagnosis has. The proposal hasn't. I have not seen anyone ask the buying community to take collective, binding responsibility for the waste tier. That is the step this paper is about.

10 The ask: the next 12 months

The first year should produce one thing: a signed founding commitment from enough buyers, workers' organisations and industry bodies to make the Accord real. The National Circular

Textile Strategy is due to be finalised by the end of 2026 [10], and the public reporting on its consultation does not mention the waste tier [11], so the first step cannot wait.

When	What
Now to December 2026	Get waste-tier recognition written into the National Circular Textile Strategy before it is finalised. Team Europe convenes a small founding group: five to ten brands sourcing heavily from Bangladesh, IndustriALL, BLF and Mondiaal FNV, BGMEA, BKMEA and BTGWPEA, and two or three development partners. Agree the principle of waste-tier recognition and "remediate, don't exit".
January to March 2027	Open talks with International Accord signatories and the RSC on an addendum, with the ILO on the labour standard, and with government on the compact. Verify the baseline data, including current tax treatment and prices.
April to June 2027	Draft the handler standard and the phase-in with workers' organisations, handlers and recyclers at the table. Agree the cost-sharing model and the open data layer.
July to September 2027	Sign the founding commitment and the government compact. Start with one or two industrial hubs, such as Gazipur and Narayanganj, before scaling.

What I'm asking of each group is simple:

- **Brands and retailers:** say publicly that the waste tier is part of your value chain, and come to the founding table.
- **Labour foundations and unions:** help design an accord that protects workers rather than displacing them.
- **Team Europe and other development partners:** convene the founding group, fund the first phase, and lead the government compact.
- **Government:** write waste-tier recognition into the national strategy before it is finalised, remove any remaining tax penalty on traceable trade, and protect the people who step forward.
- **Industry associations:** give your members the cover to do the right thing.
- **Circular economy organisations and NGOs:** bring your research and standards into one shared framework.

> **We already know what is wrong with this sector. The question now is whether we are willing to own it together.**

Acknowledgements

This paper would not exist without Reverse Resources. I wrote it in a personal capacity, but the evidence behind it comes from years of work alongside the Reverse Resources team in Bangladesh and beyond: the traced trade data and market price data used here, the field experience behind sections 1 and 2, and the access to factories, handlers, recyclers and

brands that this work has given me. That includes the Circular Fashion Partnerships I have helped run and the policy work with BGMEA and BTGWPEA on verified recycling.

I am grateful to Ann Runnel, Founder and CEO of Reverse Resources, for bringing me into this field and for the guidance that has shaped how I approach it. My thanks also go to Nin Castle, Co-Founder of Reverse Resources, for leading the programme work this paper draws on and for steady guidance and support along the way; and to Holly Syrett, formerly Vice President of Impact Programmes and Sustainability at Global Fashion Agenda, for her guidance and support during the UNIDO-led SWITCH2CE project.

I also thank my colleagues at Reverse Resources, whose work over many years underpins much of what is written here, and the factory teams, handlers, workers, recyclers, researchers and development partners whose experience and candour inform every section.

The views in this paper, and any errors, are my own.

Sources

[1] Circle Economy and Labour at Informal Economy Society, Promoting Sustainable Practices and Worker Protection in Bangladesh's Jhut Sector, policy brief, June 2026.

[2] Reverse Resources, platform data for Bangladesh facilities, April 2025 to April 2026. Internal; traced trade only.

[3] *Bonik Barta*, New extortion networks vie for control of 'jhut' trade, 23 June 2026.

[4] KPMG Rahman Rahman Huq, Salient features of Finance Bill 2026 (Tax and VAT), June 2026.

[5] Bloomberg Tax, Bangladesh gazettes 2026 Finance Act, 21 July 2026.

[6] GIZ and H&M, Study for a Regulatory Framework to Enable Recycling of Post-Industrial Waste (Jhut) for the RMG Industry in Bangladesh, 2024.

[7] United Nations Bangladesh, Circular textile value chains through a comprehensive policy approach under a UNIDO-led project (SWITCH2CE).

[8] M. B. Rana, Making Bangladesh's apparel industry circular, Open Access Government, September 2026.

[9] BGMEA, BTGWPEA and Reverse Resources, *Verified Recycling Tax Adjustment*, concept note, May 2026. Internal.

[10] The Business Standard, Govt working to finalise National Circular Textile Strategy by year-end, April 2026.

[11] Texspace Today, Bangladesh moves to put circular textiles at the center of its garment strategy, 29 April 2026.

[12] Directive (EU) 2026/470 amending the CSRD and CSDDD, Official Journal of the European Union, 26 February 2026; summarised by Covington, EU CSDDD/CSRD Omnibus published in Official Journal, February 2026.

[13] Business & Human Rights Resource Centre, CSDDD Omnibus, updated 2026.

[14] International Accord, Bangladesh country page, RSC inspections status and Agreement on International Accord Framework, 2023.

[15] Reverse Resources, market price data for segregated, clean cutting waste in Bangladesh, based on prices quoted by three buyers; BDT per kg, excluding transport; estimated six-month averages to October 2026, highest quote per grade, rounded up to the nearest BDT 5. Internal; shown here only as aggregated ranges.

[16] Pound Sterling Live, US dollar to Bangladesh taka history, 2026: 123.42 BDT per US$ on 14 October 2026.

[17] Textalks, Bangladesh and Netherlands sign circular textiles pact, August 2026.

[18] Textile Focus, Bangladesh launches initiative to advance textile traceability and decarbonization, October 2026.

[19] UNB, Team Europe Initiative on Decent Work launched, June 2021.

[20] European Commission, Team Europe tracker: Bangladesh, Decent Work.

[21] The Financial Express, LDC graduation deferment confirmation unlikely during this UNGA session, 26 September 2026.

[22] The Daily Star, UN body refers Bangladesh's 3-year LDC extension request to General Assembly, July 2026.

About the author

Shamiul Hoque is a sustainability and circular economy leader based in Dhaka, Bangladesh, with more than 24 years of experience across finance, textile sourcing, sustainability, traceability and circular economy programmes. He is Head of International Business Growth at Reverse Resources, Director of Sustainability Programs at SusNex and a guest lecturer at the University of Dhaka.

He works with brands, manufacturers, recyclers, industry bodies and development partners on material transparency and on moving post-industrial textile waste towards higher-value recycling.

shamiulhoque.com · linkedin.com/in/shamiulhoque