

MULTI-BILLION-DOLLAR GLOBAL TOY INDUSTRY

Policy gaps hinder export growth of Bangladesh

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Bangladeshi entrepreneurs are facing a series of policy-related challenges that hinder their ability to grab the growing opportunities in the global toy market, though the interim government aims to diversify the country's export basket. Exporters say they are taking significant risks to explore international markets, while a lack of supportive policies and regulatory clarity keeps them from realising the industry's full potential. They argue that if the toy sector receives the same facilities enjoyed by apparel exporters, particularly in areas related to bonded warehousing, customs procedures, and compliance support, it could evolve into Bangladesh's second-largest export earner after ready-made garment (RMG). Their optimism is backed by the size and trajectory of the

POLICY CHALLENGES HOLD BACK TOY EXPORTERS

CUSTOMS SEEK JUSTIFICATION FOR UD USE

UD discontinuation to increase

- ▶ Lead time
- ▶ Operational expenses

CUSTOMS OFFER 1-YR BOND LICENCES

Frequent renewals trouble exporters

global market. According to projections by Statista, the global toy industry is expected to reach



FY25 total toy exports **\$78.74m**

FY25 EXPORTS OF TOP EXPORTERS

Cupcake **\$2.5m**

PRAN-RFL **\$1.0m**

nearly \$150 billion by 2032, up from \$102.8 billion in 2023. Meanwhile, Bangladesh's

GLOBAL TOY INDUSTRY (Billion US dollar)



total toy exports stood at \$78.74 million in the last fiscal year, according to the Export Promotion Bureau

(EPB). Exporters say regulatory inconsistencies are one of the biggest obstacles they face. They tell The Financial Express that they recently received letters from the customs and were asked to justify why they continued to use the Utilisation Declaration (UD) facility instead of Utilisation Permission (UP). Discontinuing the UD facility for toy exporters will increase lead time and raise operational expenses, making Bangladeshi toy producers less competitive in the global market, they warn. Another major concern relates to the tenure of bond licences. While apparel exporters receive three-year bond licences as a standard facility, customs officials are reportedly offering toy exporters one-year licences,

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forcing them into frequent renewals and administrative complications.

Exporters argue that resolving the policy inconsistencies will significantly strengthen Bangladesh's foothold in the global toy market, especially as the country already enjoys a strong reputation among international buyers due to its success in the RMG sector.

Moreover, many global fashion retailers, including Walmart, Inditex, and H&M, operate toy segments alongside their apparel lines.

Industry insiders believe this could open doors for Bangladeshi exporters, though many local companies remain unaware of the opportunity.

The global toy industry can be divided into several major segments, including educational, electric, mechanical, play-based, and entertainment.

These products are made from a mix of materials, such as wood, paper, metal, plastic, and fabric, many of which Bangladesh already manufactures competitively.

Despite this, the local capacity in higher-end and licensed products remains limited, partly due to the need for specialised certifications.

Cupcake Exports Ltd, a subsidiary of the US-based multinational Cupcake Group, is among Bangladesh's most successful emerging toy exporters.

The soft toy manufacturer began operations in 2019 with only 65 employees.

Today, it employs more than 600 people and has invested around \$3 million in its factory.

"In our first year, exports were about \$35,000, but they reached \$2.5 million last year," says Cupcake Exports Chief Executive Officer Yasir Obaid, noting that demand is growing rapidly.

The company now plans to expand its production capacity from 20 to 50 lines.

Obaid hopes the expansion will not only allow the firm to diversify into new product categories but also increase employment opportunities to as many as 3,000 workers by 2027.

Cupcake Exports currently works with seven buyers

in the European Union (EU), the UK, and the US, with three new buyers expected to come on board soon. However, Obaid says the lack of dedicated toy buyer offices in Bangladesh remains a major challenge, forcing exporters to travel abroad for meetings.

Speaking from the UK, he says this significantly increases costs and limits market engagement. He adds that major retailers like Walmart, Inditex, and H&M operate toy divisions, but their primary focus is on licensed products – a segment where Bangladesh's participation is limited due to stringent certification requirements.

Local conglomerate PRAN-RFL Group has also emerged as a notable player in this sector, particularly in the low-cost plastic toy segment. The company initially entered the market to serve domestic consumers but expanded exports to several countries in recent years.

According to the EPB data, PRAN-RFL exported about \$1 million worth of plastic toys and tricycles in the last fiscal year.

The company recently began exporting to the United States, adding to its 10 existing markets, including Italy, Saudi Arabia, India, and Nepal.

"We are always working to showcase Bangladesh's potential in the international market. Launching toy exports to the United States is a significant milestone for us," says Kamruzzaman Kamal, marketing director of PRAN-RFL Group.

He says foreign buyers are gaining confidence in Bangladeshi toys, which meet the international safety and quality standards.

The conglomerate began manufacturing toys in 2015 under its Playtime brand, offering educational toys, rechargeable cars, tricycles, rockers, sliders, baby sports toys, etc.

Kamal says Bangladesh has now become nearly self-sufficient in the domestic toy market, meeting about 80 per cent of the demand.

However, packaging and product testing remain key challenges in exports.

Exporters must import high-grade packaging materials to satisfy buyer requirements, while toy samples must often be sent abroad for testing due

to the lack of internationally accredited testing facilities in Bangladesh.

Despite growing local participation, foreign-owned companies continue to dominate Bangladesh's toy export market.

Among them, Sonic (Bangladesh) Limited, a subsidiary of Hong Kong-based Sonic Group, is the largest.

Located in the Uttara Export Processing Zone in Nilphamari, Sonic produces around one million die-cast scale models every month, including replicas of winning cars from international motorsport events. The company exports largely to Spain, France, the UK, Germany, Italy, and Japan.

Sonic was founded in Hong Kong in 1988 and began its Bangladesh operations in 2013.

According to the EPB data, the company exported \$43.17 million worth of toys in 2023, though the figure slightly declined to \$42.24 million in the last fiscal year.

China remains the world's largest toy exporter, accounting for more than 86 per cent of the global market, with its exports valued at \$88.58 billion in 2023.

But analysts say rising labour costs and strategic shifts are prompting China to gradually exit low-end toy manufacturing.

"In 2016-17, China controlled about 98 per cent of the global market, but now they are gradually exiting the industry," says Dr M Masrur Reaz, founder and chairman of Policy Exchange of Bangladesh.

Plastic toys, he says, are a low-cost industry, and with wages rising in China, Bangladesh has an opportunity to seize a share of the market.

"If we adopt the right policies, Bangladesh could potentially export \$10 billion from this sector."

He stresses that after the RMG sector, Bangladesh has no other large-scale export engine, with leather, home textiles, and frozen foods each hovering between \$1-2 billion in annual earnings. A well-supported toy industry, he argues, could become the country's next major export pillar.

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