

Quarterly Review of Readymade Garments (RMG): April-June of FY25*



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Highlights

- Total export earnings from Readymade Garments (RMG) reached USD 9115.63 million in April-June quarter of FY25, marking a decline of 11.92 percent compared to the previous quarter's earnings of USD 10349.29 million. However, this figure represents a 3.15 percent increase from the same period in the previous fiscal year (USD 8837.15 million) amid the emerging external trade barriers.
- The United States, Germany, United Kingdom, Spain, France, Netherlands, Italy, Canada, and Belgium emerged as the top destinations for Bangladesh's RMG exports during April-June quarter of FY25. Exports to these nine countries generated USD 6549.44 million, representing 71.89 percent of the sector's total earnings for the quarter.
- In this quarter, RMGs' net export (determined by subtracting RMG raw material import value from RMG export value) was USD 5175.95 million or 56.78 percent of gross RMG exports.

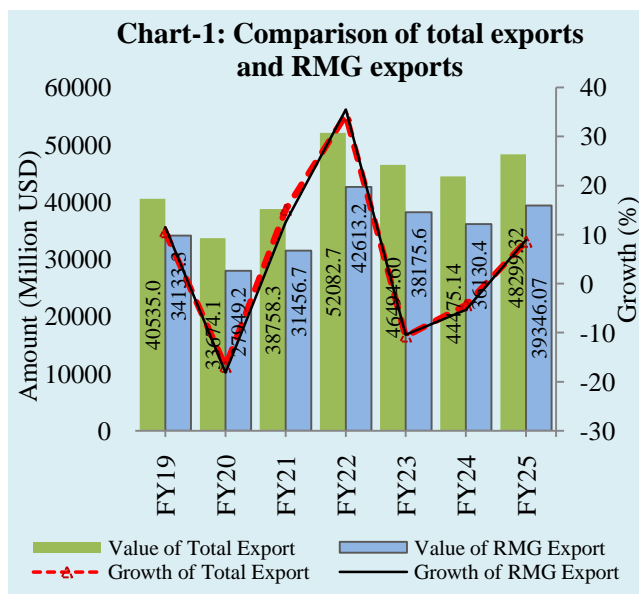
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1. Introduction

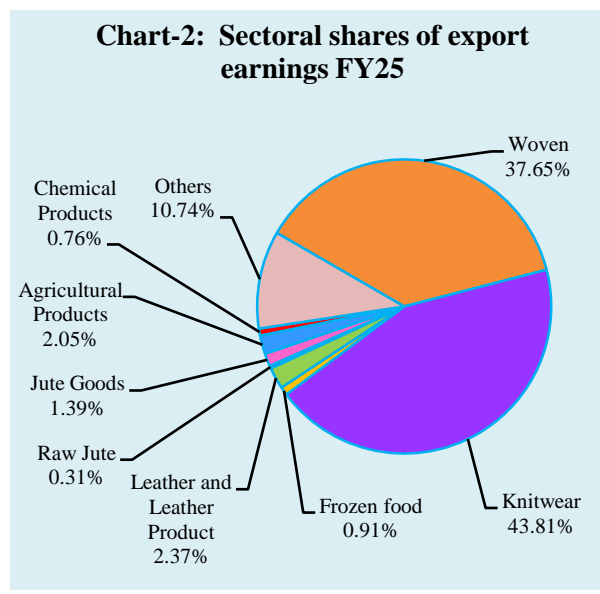
During April-June of FY25, Bangladesh's RMG sector encountered multiple pressing issues such as downswings in the level of global economic activity, and trade policy shifts that impacted in weak quarterly export performance. Key among these policy shifts was the announcement of a 35 percent tariff by the United States, which though not yet implemented, might cause order deferrals and heightened uncertainty among buyers. Simultaneously, India restricted RMG imports from Bangladesh via land routes, which disrupted logistics and limited Bangladesh's access to a key regional market. Alongwith these issues, the National Board of Revenue (NBR) encountered an employee strike that caused customs delays, impeded smooth shipment processing and significantly hindered the timely shipment of goods. Meanwhile, the broader global economic headwinds, combining with domestic ongoing issues related to rising production costs, limited diversification of export markets, contributed to a volatile export trend.

Nevertheless, RMG exports grew by 3.15 percent year-on-year in Q4FY25, totaling USD 9.11 billion aided by both knitwear and woven garment exports. However, it was lower than USD 10349.29 million in Q3FY25. Besides, the RMG export made a significant contribution of 7.99 percent to nominal GDP during this quarter.

Moreover, the RMG sector made a significant contribution of 8.52 percent to Bangladesh's nominal GDP in FY25. The total RMG export earnings for FY25 stood at USD 39346.07 million, indicating a higher growth of 8.90 percent as compared to that of the previous fiscal year (Chart-1). The shares of total export earnings across different sectors in FY25 are shown in Chart-2.



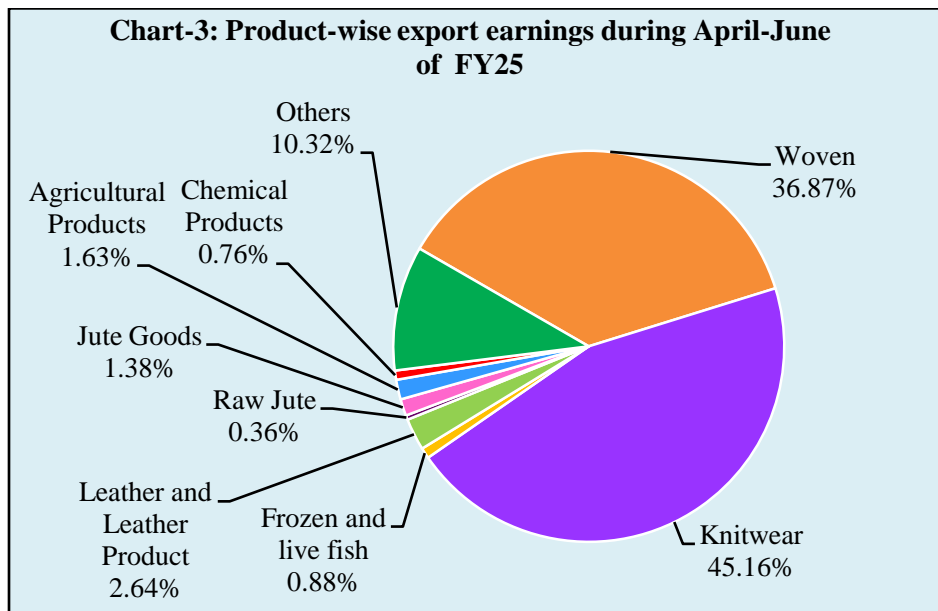
Source: Statistics Department, Bangladesh Bank



Source: Statistics Department, Bangladesh Bank

2. Quarterly Decomposition of RMG Exports: April-June of FY25

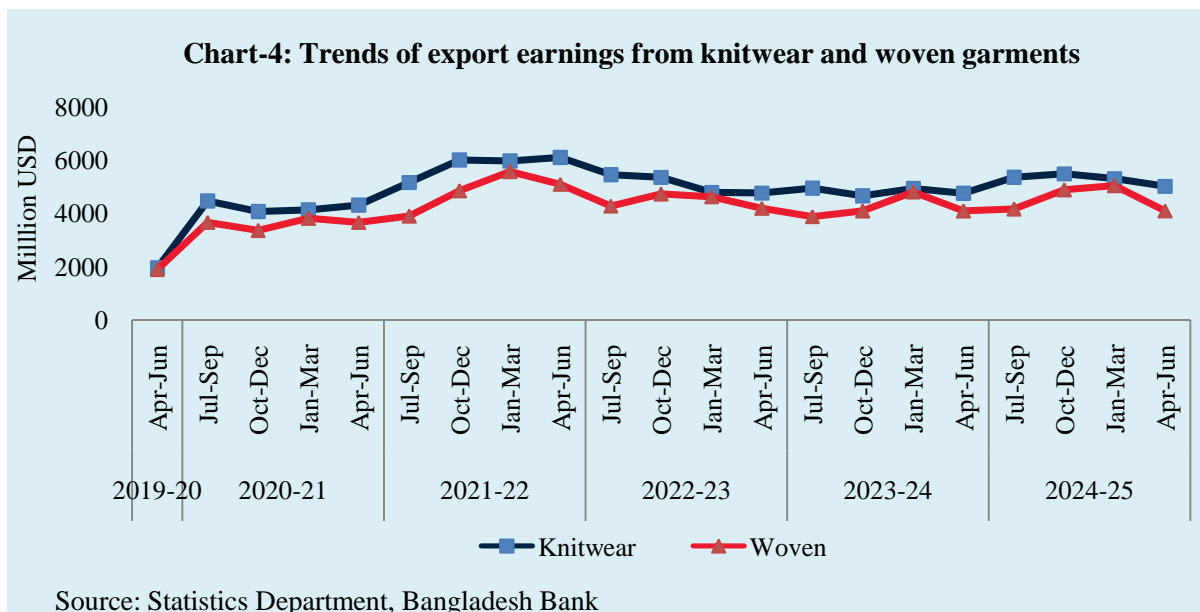
Product-wise shares of export earnings during Q4FY25 reported in chart-3 showed that among the RMG items, the contribution of knitwear exports was 45.16 percent and woven exports was 36.87 percent. The growth of RMG sector solidifies Bangladesh's position as a key supplier to the European market, driven by competitive pricing, preferential trade facilities under Everything But Arms (EBA), and improvements in production capacity. On the other hand, among the non-RMG items, leather and leather products accounted for 2.64 percent, agricultural products for 1.63 percent, jute goods for 1.38 percent, frozen and live fish for 0.88 percent, chemical products for 0.76 percent, raw jute for 0.36 percent and other products for 10.32 percent.



Source: Export Promotion Bureau (EPB) & Statistics Department, BB

2.1 Knitwear

In Q4FY25, earnings from knitwear exports stood at USD 5018.29 million, marking a 5.47 percent decrease from that of the previous quarter (USD 5308.94 million) while a 5.69 percent increase compared to that of the same quarter of the previous year (USD 4747.99 million). The sector saw strong demand in traditional markets like the USA and EU region.

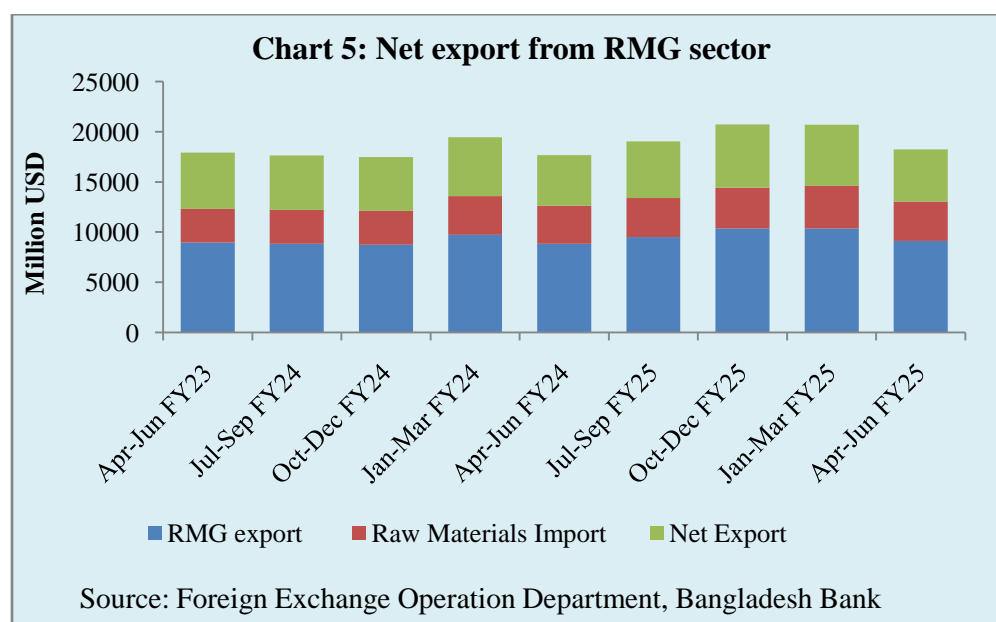


2.2 Woven Garments

Export earnings from woven garments in the last quarter of FY25 reached USD 4097.34 million indicating 18.71 percent lower growth than that of the previous quarter (USD 5040.35 million) while 0.20 percent higher than the same quarter of the previous year (USD 4089.16 million). Woven garment exports leads growth due to robust backward linkage, stable raw material access and adaptability to changing fashion trends.

3. Imports of Raw Materials and Net Export Earnings from RMG

The import value of raw materials (raw cotton, synthetic/viscose fibre, synthetic/mixed yarn, cotton yarn and textile fabrics and accessories for garments) was USD 3939.68 million in April-June of FY25, accounting for 43.22 percent of total RMG export earnings. As a result, net exports from this sector stood at USD 5175.95 million in the last quarter of FY25 which was 15.08 percent lower than that of the preceding quarter (USD 6095.44 million) while 2.69 percent higher than that of the same quarter of the previous year (USD 5040.27 million). The imports of raw materials and net exports based on L/C statements from April-June of FY23 to April-June of FY25 are shown in Chart-5 and Annexure-2 (January-March of FY22 to April-June of FY25) respectively.



4. Destination-wise RMG Exports

During April-June of FY25, Bangladesh's Ready-Made Garments (RMG) exports were primarily directed to nine major destinations- the United States, Germany, the United Kingdom, Spain, France, the Netherlands, Italy, Canada, and Belgium. Export earnings from these countries amounted to USD 7235.86 million during the reporting period. Of this total, RMG exports accounted for 90.51 percent comprising 41.58 percent from woven garments and 48.93 percent from knitwear-equivalent to USD 6549.44 million (Table 1). Compared to the previous quarter, RMG export earnings from these nine countries increased by 7.13 percent, rising from USD 6,772.90 million. However, on a year-on-year basis, earnings declined by 8.79 percent compared to USD 7,954.77 million recorded in the corresponding quarter of the preceding fiscal year (Annexure-3).

Table 1: Country wise RMG export in April-June of FY25

(Million USD)

Countries	Total Export	Woven Garments	Knitwear	Total RMG	Other Exports	Share of RMG in Total Export (%)	Others Share in Total Export (%)
1	2	3	4	5=(3+4)	6=(2-5)	7=(5÷2)	8=(6÷2)
USA	2083.81	1185.46	624.15	1809.61	274.2	0.87	0.13
Germany	1226.42	401.42	748.94	1150.36	76.06	0.94	0.06
UK	1063.44	378.78	616.15	994.93	68.51	0.94	0.06
France	568.99	192.35	318.19	510.54	58.45	0.90	0.10
Spain	791.24	291.34	456.3	747.64	43.6	0.94	0.06
Italy	393.87	123.1	244.01	367.11	26.77	0.93	0.07
Belgium	175.8	68.02	79.14	147.16	28.65	0.84	0.16
Netherlands	551.56	194.97	288.89	483.86	67.69	0.88	0.12
Canada	380.73	173.6	164.63	338.23	42.5	0.89	0.11
Sub-Total	7235.86	3009.04	3540.4	6549.44	686.43	0.91	0.09
Others	3877.55	1088.3	1477.9	2566.2	1311.36	0.66	0.34
Total	11113.42	4097.34	5018.29	9115.63	1997.79	0.82	0.18

Source: Statistics Department, Bangladesh Bank.

5. Measures Taken to Facilitate RMG Exports

The government and Bangladesh Bank took a number of measures especially for facilitating production and export of the RMG sector. Of which some important measures are highlighted below:

Pre-shipment Credit:

To provide pre-shipment export credit facility for the export oriented industries affected by the Corona virus pandemic, Bangladesh Bank created a BDT 50.0 billion revolving refinance fund for the period of three years. The maximum rate of interest at the client level was set at 6 percent. Bangladesh Bank was entitled to charge 3 percent interest rate on refinance facility (BRPD Circular No. 9, dated 13 April 2020). Subsequently, this refinance scheme was extended for five years starting from 13 April 2020 and the maximum interest rate at the client level was downgraded to 3.5 percent, while Bangladesh Bank's interest rate on the commercial bank's refinance facility was reduced to 0.5 percent (BRPD Circular No. 8, dated 18 May 2022).

Incentives for Export Expansion:

To encourage the country's export trade, export subsidies or cash incentives were given against the shipment of various exportable commodities during the period of 1 February 2024 to 30 June 2024. Among them, 4 percent cash incentive was given to export oriented ready-made garments (knitwear, woven and sweater) including all small & medium industry of garments sector and 3 percent cash incentive was given to help explore new items/markets for the garments sector (excluding the USA, Canada, EU, UK). For the exporters of garments items to EURO Zone an additional 1 percent special incentive was given with the existing 3 percent cash incentive. Moreover, 0.50 percent special cash incentive was given to RMG sector (FE Circular No-05, Date February 12, 2024).

Green Transformation Fund (GTF): Bangladesh Bank formed a GTF for refinancing at local currency worth of BDT 50.0 billion for all export-oriented manufacturers and exporters against their import of capital machineries and accessories for implementing specified green/environment friendly initiatives in Bangladesh (SFD Circular No-07, Date December 07, 2022).

Export Facilitation Fund: To create the export-oriented industries in the RMG sector and for enhancing its resiliency against the global adverse financial situation after Covid-19 and for providing adequate liquidity support to the RMG industries, BB formed the

Export Facilitation Pre-finance Fund (EFPF) worth of BDT 100 billion with easy terms. Pre-financing facilities can be availed against import/ local procurement of raw materials for the production of export-oriented industries. In the case of final export, BGMEA, BKMEA and BTMEA member mills (excluding yarn producing BTMEA members) and Type-B and Type-C organisations of EPZ may get equivalent of the value of imported raw materials or BDT 2.0 billion (whichever is lower) from BB for 180 days. (BRPD Circular No-01, Date January 01, 2023).

Export Development Fund (EDF): The Export Development Fund (EDF) allows Authorized Dealers (ADs) to borrow US Dollar funds which is repayable within 180 days from dates of disbursement, extendable by Bangladesh Bank up to 270 days against foreign currency loans provided to manufacturer-exporters for input procurements related to export orders (FE Circular No-07, Date April 13, 2023). To bring wider range of customers under EDF loans, its ceiling was reset to USD 10.00 million from USD 15.00 million for input procurements under back to back LCs (BBLCs) against relevant export orders. The limit for imports under BBLCs by individual member mill of BGMEA and BKMEA was set at USD 20.00 million and USD 15.00 million respectively. (FE Circular No-06, Date April 09, 2023).

6. Conclusions

The performance of Bangladesh's RMG sector during April-June FY25 was mixed due to external shocks and domestic inefficiencies. Rising geopolitical tensions, trade restrictions, and infrastructure bottlenecks threaten sustained growth unless addressed proactively. Despite moderate growth in export earnings during FY25, substantial contributions from both the knitwear and woven segments underscored Bangladesh's continued prominence in the global ready-made garments industry. Looking ahead, the significant performance of RMG sector will set a positive outlook for the coming years and position Bangladesh as a leading apparel exporter on the global stage.

Annexure

Annexure-1: Export of readymade garments (RMG)

(FY21 to FY25)

(Million USD)

FY	Total Export	Woven Garments		Knitwear		Total RMG (Woven + Knitwear)	Percentage Share in Total Export		
		Target	Actual	Target	Actual		Woven Garments	Knitwear	Total
1	2	3	4	5	6	7=(4+6)	8=(4÷2)	9=(6÷2)	10=(8+9)
FY21	38758.31	17085.00	14496.70	16700.00	16960.03	31456.73	37.40	43.76	81.16
Jul-Sep FY22	11021.95	3748.44	3895.26	4680.46	5164.18	9059.44	35.34	46.85	82.19
Oct-Dec FY22	13676.60	3934.56	4843.81	4912.84	5997.45	10841.26	35.42	43.85	79.27
Jan-Mar FY22	13907.12	4029.05	5569.43	5030.84	5958.27	11527.70	40.05	42.84	82.89
Apr-Jun FY22	13476.99	3916.95	5090.34	4890.86	6094.42	11184.76	37.77	45.22	82.99
FY22	52082.66	15629.00	19398.84	19515.00	23214.32	42613.15	37.25	44.57	81.82
Jul-Sep FY23	11894.68	4539.72	4274.98	5481.93	5442.97	9717.95	35.94	45.76	82.22
Oct-Dec FY23	12126.42	5399.06	4727.70	6519.61	5354.39	10082.08	38.99	44.15	85.88
Jan-Mar FY23	11527.60	5509.44	4622.29	6652.92	4792.37	9414.66	40.10	41.57	85.05
Apr-Jun FY23	10946.11	5751.78	4192.77	6945.54	4768.11	8960.88	38.30	43.56	84.84
FY23	46494.81	21200.00	17817.74	25600	20357.83	38175.57	38.32	43.79	82.11
Jul-Sep FY24	10832.75	5378.61	3880.24	6414.63	4939.83	8820.08	35.82	45.60	81.42
Oct-Dec FY24	10930.77	6200.71	4088.63	7395.07	4652.56	8741.19	37.40	42.56	79.97
Jan-Mar FY24	11882.43	6210.32	4804.38	7406.53	4927.65	9732.03	40.43	41.47	81.90
Apr-Jun FY24	10829.18	-	4089.16	-	4747.99	8837.14	37.76	43.84	81.60
FY24	44475.14	23840.00	16862.40	28432.00	19268.03	36130.43	37.91	43.32	81.24
Jul-Sep FY25	11657.86	-	4164.50	-	5347.45	9511.96	35.72	45.87	81.59
Oct-Dec FY25	12876.01	-	4882.05	-	5487.14	10369.19	37.92	42.62	80.53
Jan-Mar FY25	12652.03	-	5040.35	-	5308.94	10349.29	39.84	41.96	81.80
Apr-Jun FY25	11113.42	-	4097.34	-	5018.29	9115.63	36.87	45.16	82.02
FY25	48299.32	-	18184.24	-	21161.82	39346.07	37.65	43.81	81.46

Source: Statistics Department, Bangladesh Bank.

Annexure-2: Trends of net exports from RMG sector against raw materials import

(Million USD)

Fiscal Year	RMG Export ^{A/}	Raw Materials Import ^{B/}	Net export earnings in RMG
1	2	3	4=2-3
Jan-Mar FY22	11527.70	5505.17	6022.53 (52.24%)
Apr-Jun FY22	11184.76	5139.17	6045.59 (54.05%)
Jul-Sep FY23	9717.95	4984.13	4733.82 (59.23 %)
Oct-Dec FY23	10082.08	4110.42	5971.66 (67.69%)
Jan-Mar FY23	9414.66	3546.52	5868.14 (62.33%)
Apr-Jun FY23	8960.88	3348.47	5612.41 (62.63%)
Jul-Sep FY24	8820.08	3394.46	5425.62 (61.51%)
Oct-Dec FY24	8741.19	3373.28	5367.91 (61.41%)
Jan-Mar FY24	9732.03	3839.73	5892.30 (60.55%)
Apr-Jun FY24	8837.14	3796.87	5040.27 (57.04%)
Jul-Sep FY25	9511.96	3894.10	5617.85 (59.06%)
Oct-Dec FY25	10369.19	4039.74	6329.45 (61.04%)
Jan-Mar FY25	10349.29	4253.85	6095.44 (58.90%)
Apr-Jun FY25	9115.63	3939.68	5175.95 (56.78%)

^{A/} As per Export Promotion Bureau & Statistics Department, Bangladesh Bank.

^{B/} We considered the value of the components -raw cotton, synthetic/viscose fibre, synthetic/mixed yarn, cotton yarn and textile fabrics and accessories for garments instead of back to back L/Cs raw materials as reported by the FEOD of Bangladesh Bank. The values in parenthesis denote the net export in RMG as percentage of Total RMG Export earnings.

Source: Own calculation of the Research Department staff.

Annexure-3: Destination-wise export earnings of RMG

(Million USD)

Country	Oct-Dec'24	Jan-Mar'24	Apr-Jun'24	Jul-Sep'25	Oct-Dec'25	Jan-Mar'25	Apr-Jun'25
USA	1650.64	1625.95	1728.28	1852.30	1989.55	1895.18	1809.61
Germany	1047.39	1272.92	1085.03	1161.75	1306.42	1331.87	1150.36
UK	945.74	1192.90	973.00	1141.98	1023.42	1188.64	994.93
France	539.32	508.06	537.71	482.38	607.57	555.91	510.54
Spain	698.79	933.78	789.50	866.61	832.44	951.84	747.64
Italy	392.56	388.08	355.49	319.87	451.36	400.82	367.11
Belgium	121.06	133.32	146.88	140.32	154.44	107.88	147.16
Netherlands	417.88	479.40	417.66	511.34	545.46	547.78	483.86
Canada	296.35	272.08	326.15	296.35	345.01	322.15	338.23
Sub-Total	6109.75	6806.49	6359.72	6772.90	7255.67	7302.07	6549.44
Others	2631.44	2925.54	2477.42	2739.06	3113.52	3047.22	2566.20
Total	8741.19	9732.03	8837.14	9511.96	10369.19	10349.29	9115.63

Source: Export Promotion Bureau & Statistics Department, Bangladesh Bank.