

Quarterly Review of Readymade Garments (RMG): January-March of FY25*



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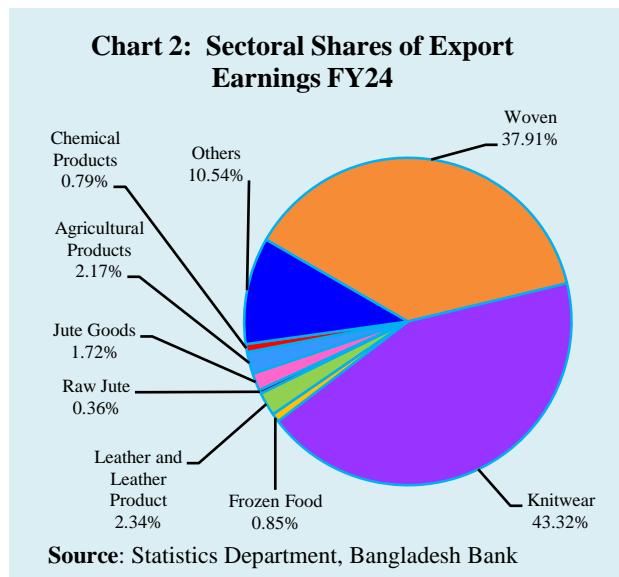
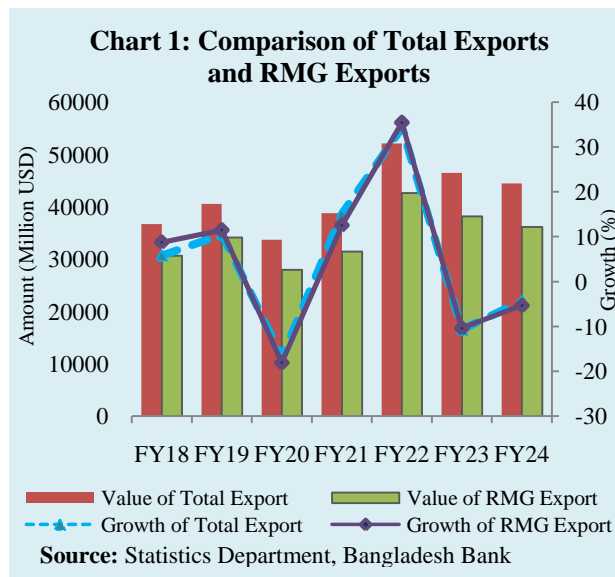
Highlights

- Total export earnings from Readymade Garments (RMG) reached USD 10,349.29 million in the January-March quarter of FY25, marking a slight decline of 0.19 percent compared to the previous quarter's earnings of USD 10,369.19 million. However, this figure represents a 6.34 percent increase from the same period in the previous fiscal year (USD 9,732.03 million), despite continued global economic uncertainties and fluctuating demand in key export markets.
- The United States, Germany, United Kingdom, Spain, France, Netherlands, Italy, Canada, and Belgium emerged as the top destinations for Bangladesh's RMG exports during the January-March quarter of FY25. Exports to these nine countries generated USD 7,302.07 million, representing 70.56 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 6,095.44 million or 58.90 percent of gross RMG exports.

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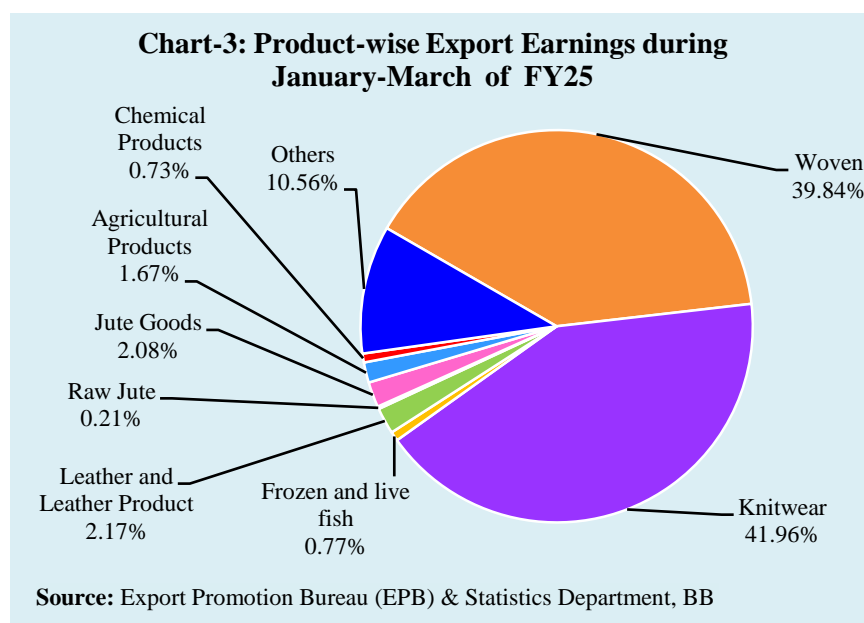
1. Introduction:

During January-March quarter of FY25 (Q3FY25), the Ready-Made Garments (RMG) industry navigated a complex landscape shaped by global economic uncertainties, fluctuating demand from key markets and evolving trade dynamics. Despite these challenges, Bangladesh's RMG exports demonstrated resilience, supported by competitive pricing, improved compliance standards and strategic diversification into non-traditional markets. In this quarter, RMG exports grew by 6.34 percent year-on-year, totaling USD 10.35 billion. This growth was aided by increases in both knitwear and woven garment exports reflecting the sector's adaptability and competitiveness in the global market. However, it was lower than USD 10369.19 million in Q2FY25. Notably, this period witnessed both opportunities and pressures which offering insights into the compliance of this sector. In Q3FY25, the RMG export made a significant contribution of 8.99 percent to GDP.



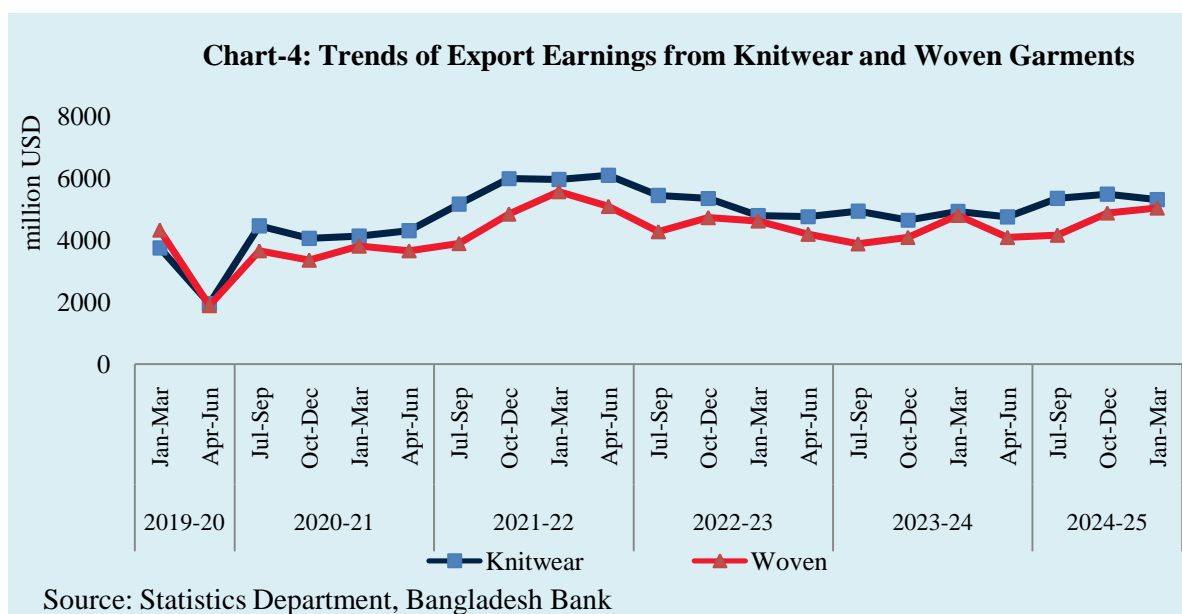
2. Quarterly Decomposition of RMG Exports: January-March of FY25

Product-wise shares of export earnings during Q3FY25 reported in chart-3 showed that among the RMG items, the contribution of knitwear exports was 41.96 percent and woven exports was 39.84 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 2.17 percent, agricultural products for 1.67 percent, jute goods for 2.08 percent, frozen and live fish for 0.77 percent, chemical products for 0.73 percent, raw jute for 0.21 percent and other products for 10.56 percent.



2.1 Knitwear

In Q3FY25, earnings from knitwear exports stood at USD 5308.94 million, marking a 3.25 percent decrease from the previous quarter (USD 5487.14 million) while a 7.74 percent increase compared to the same quarter of the previous year (USD 4927.65 million). The sector saw strong demand in traditional markets like the USA and EU region.

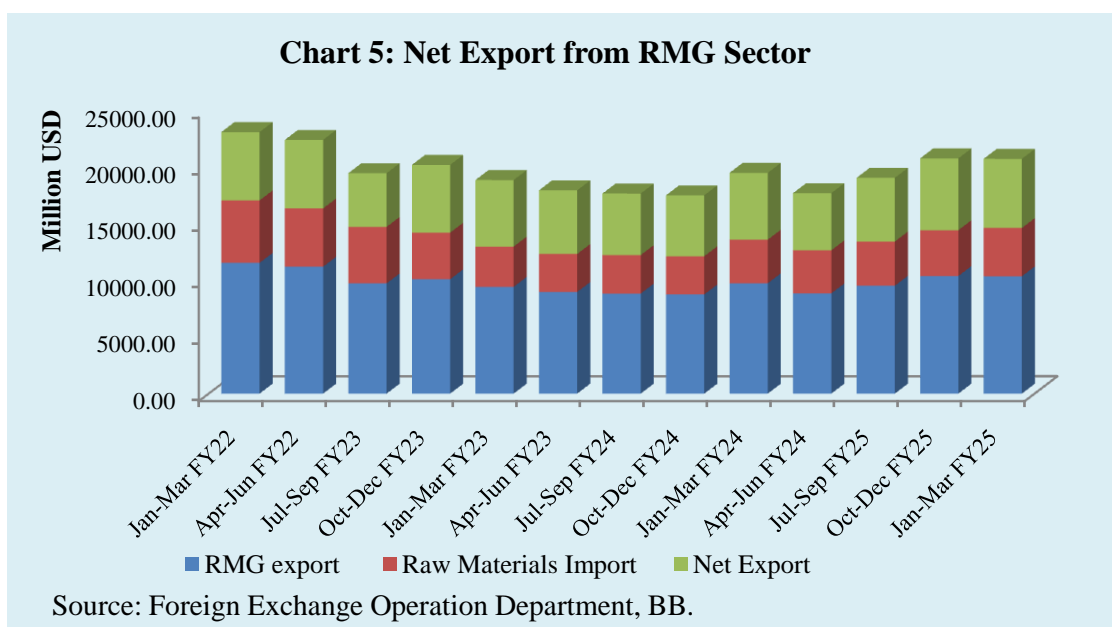


2.2 Woven Garments

Export earnings from woven garments in the third quarter of FY25 reached USD 5040.35 million indicating 3.24 percent higher than that of the previous quarter (USD 4882.05 million) and 4.91 percent higher than the same quarter of the previous year (USD 4804.38 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 4253.85 million in January-March of FY25, accounting for 41.10 percent of total RMG export earnings. As a result, net exports from this sector stood at USD 6095.44 million in the third quarter of FY25 which was 3.70 percent lower than that of the preceding quarter (USD 6329.45 million) while 3.45 percent higher than that of the same quarter of the previous year (USD 5892.30 million). The imports of raw materials and net exports based on L/C statements from January-March of FY22 to January-March of FY25 are shown in Chart-5 and Annexure-2 respectively.



4. Destination-wise RMG Exports

The main destinations of Bangladesh's RMG exports were the United States, Germany, UK, Spain, France, Netherlands, Italy, Canada, and Belgium during October-December of FY25. Total export earnings from these nine countries stood at USD 8053.01 million during this period under report. Out of total export earnings, 90.10 percent (woven 43.26 percent and knitwear 46.84 percent) or USD 7255.67 million RMG exports earnings came from those countries during the period (Table-1). RMG export earnings from these nine countries jumped by 7.13 percent to USD 6772.90 million during this quarter compared to the preceding quarter while dropped by 8.79 percent compared to USD 7954.77 million in the corresponding quarter of the previous fiscal year respectively (Annexure-3).

Table 1: Country wise RMG Export in January-March 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	2210.43	1269.61	625.57	1895.18	315.24	0.86	0.14
Germany	1417.75	582.89	748.98	1331.87	85.88	0.94	0.06
UK	1260.99	531.21	657.43	1188.64	72.36	0.94	0.06
France	620.52	219.59	336.32	555.91	64.61	0.90	0.10
Spain	1002.93	426.53	525.31	951.84	51.1	0.95	0.05
Italy	431.65	173.79	227.03	400.82	30.83	0.93	0.07
Belgium	146.41	43.4	64.48	107.88	38.53	0.74	0.26
Netherlands	608.29	241.61	306.17	547.78	60.52	0.90	0.10
Canada	362.5	175.93	146.22	322.15	40.35	0.89	0.11
Sub-Total	8061.47	3664.56	3637.51	7302.07	759.42	0.91	0.09
Others	4590.54	1375.79	1671.43	3047.22	1543.32	0.66	0.34
Total	12652.03	5040.35	5308.94	10349.29	2302.74	0.82	0.18

Source: Statistics Department, Bangladesh Bank.

5. Measures Taken to Facilitate RMG Exports

The government and the Bangladesh Bank have taken 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 support the affected export oriented industries due to Covid-19 pandemic providing with pre-shipment credit to continue export activities for foreign exchange earnings and to obtain economic mobility, Bangladesh Bank has formed a revolving fund worth of BDT 50.00 billion. Export oriented entrepreneurs can take loans from this fund through banks for next five (5) years from 13 April 2020 at 3.5 percent rate of interest and 0.5 percent for banks as refinance facility (BRPD Circular No 8, Date 18 May, 2022).

Incentives for Export Expansion: To encourage the country's export trade, export subsidies or cash incentives have been 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 has been given to export oriented ready made garments (knitwear, woven and sweater) including all small & medium industry of garments sector and 3 percent has been given to help expanding the new items/ new markets for garments

sector (excluding the USA, Canada, EU, UK). For the exporters of garments items to EURO Zone an additional 1 percent has given as special incentives with the existing 3 percent. Moreover, special cash incentive has been given to RMG sector with 0.50 percent (FE Circular No-05, Date February 12, 2024).

Green Transformation Fund (GTF): Bangladesh Bank has formed a GTF for refinancing at local currency worth of BDT 5000 crore 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: The export sector is the main spur of economic growth in Bangladesh. 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 has formed the Export Facilitation Pre-finance Fund (EFPF) worth of BDT 10,000 crore with easy terms. Pre-financing facilities can be availed against of 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 200 crore (which one 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, it has been decided to reset its ceiling 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 is set at USD 20.00 million and USD 15.00 million respectively. (FE Circular No-06, Date April 09, 2023).

6. Conclusion

The ready-made garment (RMG) sector in Bangladesh demonstrated strong resilience and steady growth during the January-March quarter of FY25 driven by increased global demand and production efficiency. Both the knitwear and woven segments contributed significantly to export earnings, reinforcing the position of Bangladesh as a key player in the global apparel market. Looking ahead, the significant performance of RMG sector will be reaffirmed during the whole FY25, setting a positive outlook for the coming years and positioning Bangladesh as a leading apparel exporter on the global stage.

Annexure

Annexure-1: Export of Readymade Garments

(From FY19 to January-March 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)
FY'19	40535.04	16539.00	17244.73	16150.00	16888.54	34133.27	42.54	41.66	84.21
FY'20	33674.09	19350.00	14041.19	18850.00	13908.00	27949.19	41.70	41.30	83.00
FY'21	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
FY'22	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
FY'23	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
FY'24	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

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%)

^{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 staff of Bangladesh Bank.

Annexure-3: Destination-Wise Export Earnings of RMG

(Million USD)

Country	Jul-Sep '24	Oct-Dec'24	Jan-Mar'24	Apr-Jun'24	Jul-Sep'25	Oct-Dec'25	Jan-Mar'25
USA	1619.04	1650.64	1625.95	1728.28	1852.30	1989.55	1895.18
Germany	1114.57	1047.39	1272.92	1085.03	1161.75	1306.42	1331.87
UK	1084.87	945.74	1192.90	973.00	1141.98	1023.42	1188.64
France	439.26	539.32	508.06	537.71	482.38	607.57	555.91
Spain	953.76	698.79	933.78	789.50	866.61	832.44	951.84
Italy	325.15	392.56	388.08	355.49	319.87	451.36	400.82
Belgium	116.32	121.06	133.32	146.88	140.32	154.44	107.88
Netherlands	406.44	417.88	479.40	417.66	511.34	545.46	547.78
Canada	264.86	296.35	272.08	326.15	296.35	345.01	322.15
Sub-Total	6324.29	6109.75	6806.49	6359.72	6772.90	7255.67	7302.07
Others	2495.79	2631.44	2925.54	2477.42	2739.06	3113.52	3047.22
Total	8820.08	8741.19	9732.03	8837.14	9511.96	10369.19	10349.29

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