Quarterly Review of Readymade Garments (RMG): July-September of FY26*

External Economics Wing

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Highlights

- Total export earnings from Readymade Garments (RMG) reached USD 9925.18 million in July-September quarter of FY26, marking an increase of 8.88 percent compared to the previous quarter's earnings of USD 9115.63 million. However, this figure represented 4.34 percent increase from the same period in the previous fiscal year (USD 9511.96 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 July-September quarter of FY26. Exports to these nine countries generated USD 7153.95 million, representing 72.08 percent share of the sector.
- In this quarter, RMGs' net export (determined by subtracting RMG raw material import value from RMG export value) was USD 6087.97 million or 61.34 percent of gross RMG exports.

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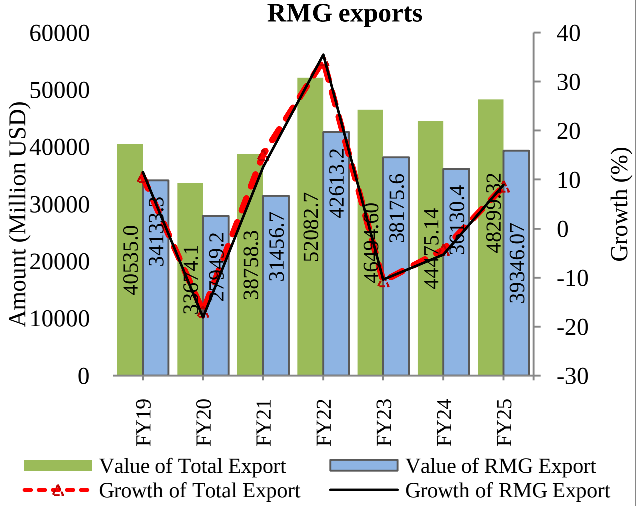
1. Introduction

During the first quarter of FY26, Bangladesh's ready-made garments sector remained the country's export engine, bringing in around USD 9925.18 million and recording a year-on-year growth of 4.34 percent. The quarter's outlook was shaped not only by demand dynamics in key markets but also by geopolitical and trade risks such as new high US tariffs and related trade tensions created uncertainty for order flows and placed pressure on competitiveness. Together these trends show the economy's large and resilient industry that provides the bulk of export earnings and employment which face the growing short-term headwinds from trade policy shifts and global demand fluctuations as it moves into the rest of FY26.

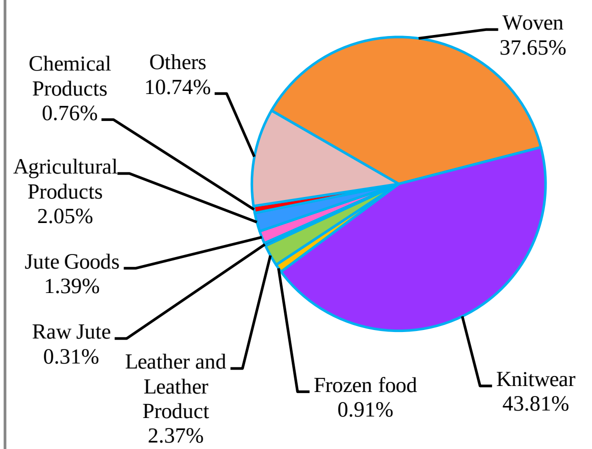
Nevertheless, the RMG sector made a significant contribution of 8.52 percent to Bangladesh's nominal GDP in FY25. The total RMG export earnings for FY25 stood at USD 39346.07 million, indicating a higher growth of 8.90 percent compared to that of the previous fiscal year (Chart-1). The shares of total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

Chart-1: Comparison of total exports and RMG exports



Source: Statistics Department, Bangladesh Bank

Chart-2: Sectoral share of export earnings FY25

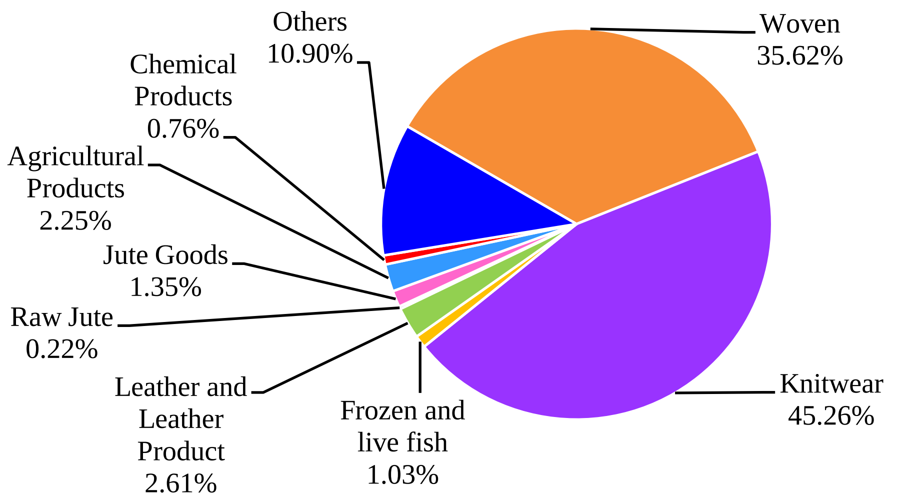


Source: Statistics Department, Bangladesh Bank

2. Quarterly Decomposition of RMG Exports: July-September of FY26

Product-wise shares of export earnings during first quarter of FY26 reported in chart-3 showed that among the RMG items, the contribution of knitwear exports was 45.26 percent and woven exports was 35.62 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 2.61 percent, agricultural products for 2.25 percent, jute goods for 1.35 percent, frozen and live fish for 1.03 percent, chemical products for 0.76 percent, raw jute for 0.22 percent and other products for 10.90 percent.

Chart-3: Product-wise Export Earnings during July-September of FY26

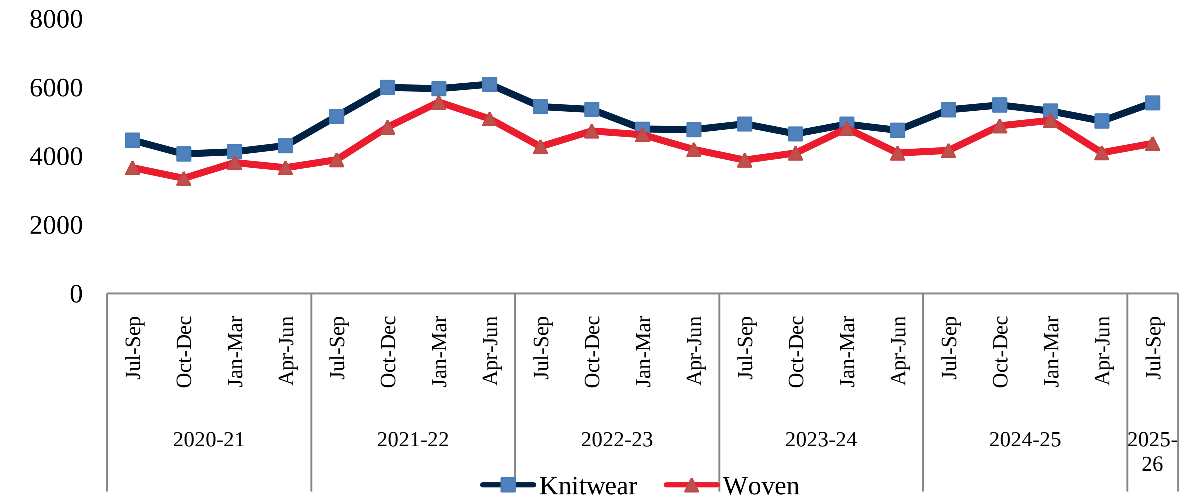


Source: Export Promotion Bureau (EPB) & Statistics Department, BB

2.1 Knitwear

In Q1 of FY26, earnings from knitwear exports stood at USD 5554.24 million, marking a 10.68 percent increase from that of the previous quarter (USD 5018.29 million) and 3.87 percent increase compared to that of the same quarter of the previous year (USD 5347.45 million). The sector saw strong demand in traditional markets like the USA and EU region.

Chart-4: Trends of Export Earnings from Knitwear and Woven Garments



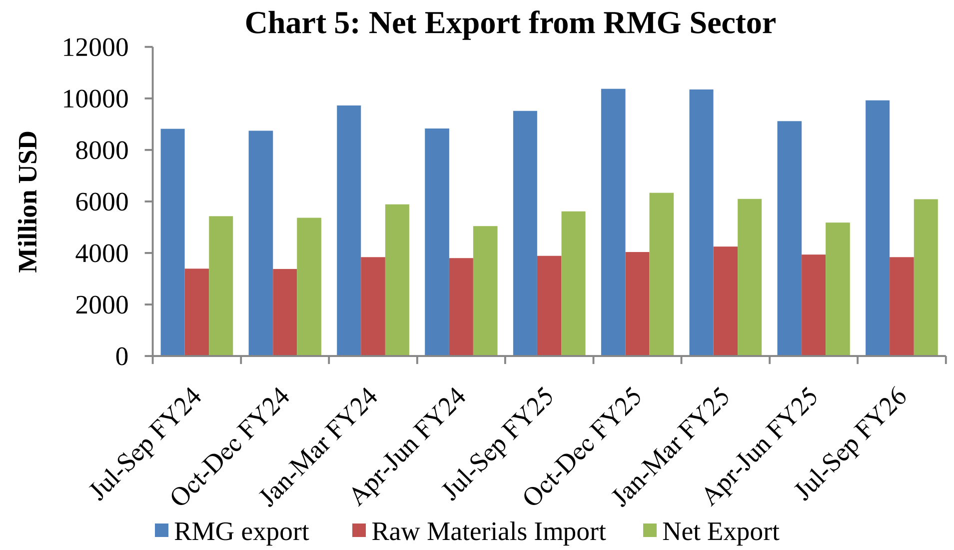
Source: Statistics Department, Bangladesh Bank

2.2 Woven Garments

Export earnings from woven garments in the first quarter of FY26 reached USD 4370.94 million indicating 6.68 percent growth than that of the previous quarter (USD 4097.34 million) and 4.96 percent than the same quarter of the previous year (USD 4164.50 million). Woven garment exports growth was driven by 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 & textile fabrics and accessories for garments) was USD 3837.21 million in July-September of FY26, accounting for 38.66 percent of total RMG export earnings. As a result, net exports from this sector stood at USD 6087.97 million in the first quarter of FY26 which was 17.62 percent higher than that of the preceding quarter (USD 5175.95 million) and 8.37 percent higher than that of the same quarter of the previous year (USD 5617.85 million). The imports of raw materials and net exports based on L/C statements from July-September of FY24 to July-September of FY26 are shown in Chart-5 and Annexure-2 (April-June of FY22 to July-September of FY26) respectively.



Source: Foreign Exchange Operation Department, Bangladesh Bank

4. Destination-wise RMG Exports

During July-September of FY26, 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. Both knitwear and woven garments increased on quarterly basis. RMG export earnings from these nine countries increased by 9.23 percent, rising from USD 6549.44 million. Moreover, on a year-on-year basis, earnings rose by 5.63 percent compared to USD 6772.90 million recorded in the corresponding quarter of the preceding fiscal year (Annexure-3). At the same time, exports to the United States showed notable strength, rising roughly 11.19 percent to around USD 2316.94 million even as monthly volatility signalled soft patches and shipment-timing effects. Export earnings from these countries amounted to USD 7941.66 million during the reporting period. Of this total, RMG exports accounted for 90.08 percent comprising 39.89 percent from woven garments and 50.19 percent from knitwear-equivalent to USD 7153.95 million (Table 1) to the above mentioned countries.

Table 1: Country wise RMG export in July-September of FY26

(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)*100	8=(6÷2)*100
USA	2316.94	1216.35	785.76	2002.11	314.83	86.41	13.59
Germany	1212.06	403.29	716.10	1119.39	92.67	92.35	7.65
UK	1280.89	402.14	812.31	1214.45	66.43	94.81	5.19
France	521.15	177.15	293.16	470.31	50.83	90.25	9.75
Spain	1047.77	437.87	567.06	1004.94	42.84	95.91	4.09
Italy	368.12	113.71	220.67	334.38	33.75	90.83	9.17
Belgium	190.85	55.29	72.42	127.71	63.14	66.92	33.08
Netherlands	626.87	206.42	339.09	545.51	81.36	87.02	12.98
Canada	377.01	155.89	179.25	335.15	41.87	88.90	11.10
Sub-Total	**7941.66**	**3168.13**	**3985.82**	**7153.95**	**787.71**	**90.08**	**9.92**
Others	4329.48	1202.81	1568.42	2771.23	1558.25	64.01	35.99
Total	**12271.14**	**4370.94**	**5554.24**	**9925.18**	**2345.96**	**80.88**	**19.12**

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 incetive was given with the existing 3 percent cash incentive. Morever, 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 avail equivalent of the value of imported raw materials or BDT 2.0 billion (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, which is 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

During the first quarter of FY26, Bangladesh's ready-made garments (RMG) industry continued to demonstrate its vital role. Despite facing a complex global environment marked by trade policy uncertainties, high input costs and fluctuating consumer demand, the sector managed to sustain a modest but steady growth in export earnings. This performance reflects the industry's strong production capacity, resilience and adaptability to shifting international market dynamics. However, sustaining export momentum will depend on strategic policy support, enhanced trade negotiations and technological upgrades within the industry. Strengthening value addition through backward linkage industries, improving labor productivity and ensuring environmental & social compliance will be critical to maintaining Bangladesh's competitive edge in the global apparel market. Overall, the RMG industry remains resilient and continues to be a cornerstone of Bangladesh's economic stability and export-led growth as FY26 progresses.

Annexure

Annexure-1: Export of readymade garments (RMG)

(FY21 to Jul-Sep FY26**)**

(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**
Jul-Sep FY26	12271.14		4370.94		5554.24	9925.18	35.62	45.26	80.88

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
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%)
Jul-Sep FY26	9925.18	3837.21	6087.97 (61.34%)

[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 & 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	Jan-Mar'24	Apr-Jun'24	Jul-Sep'25	Oct-Dec'25	Jan-Mar'25	Apr-Jun'25	Jul-Sep'26
USA	1625.95	1728.28	1852.30	1989.55	1895.18	1809.61	2002.11
Germany	1272.92	1085.03	1161.75	1306.42	1331.87	1150.36	1119.39
UK	1192.90	973.00	1141.98	1023.42	1188.64	994.93	1214.45
France	508.06	537.71	482.38	607.57	555.91	510.54	470.31
Spain	933.78	789.50	866.61	832.44	951.84	747.64	1004.94
Italy	388.08	355.49	319.87	451.36	400.82	367.11	334.38
Belgium	133.32	146.88	140.32	154.44	107.88	147.16	127.71
Netherlands	479.40	417.66	511.34	545.46	547.78	483.86	545.51
Canada	272.08	326.15	296.35	345.01	322.15	338.23	335.15
Sub-Total	**6806.49**	**6359.72**	**6772.90**	**7255.67**	**7302.07**	**6549.44**	**7153.95**
Others	2925.54	2477.42	2739.06	3113.52	3047.22	2566.20	2771.23
Total	**9732.03**	**8837.14**	**9511.96**	**10369.19**	**10349.29**	**9115.63**	**9925.18**

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