Quarterly Review of Readymade Garments (RMG): October-December of FY26*

External Economics Wing
Research Department
Bangladesh Bank

* This report is prepared by Md. Jasim Uddin, Director; Syeda Ishrat Jahan, Additional Director; and Jasmin Akter, Deputy Director of Research Department. Comments on any aspects of this report are highly welcomed and can be sent through e-mail: *jasim.uddin@bb.org.bd*; *syeda.jahan@bb.org.bd and jasmin.akter@bb.org.bd.*

Quarterly Review of Readymade Garments (RMG): October-December of FY26

Highlights

- The readymade garments (RMG) sector continued its dominate share in export basket of Bangladesh, accounting for 80.36 percent of total export earnings during October-December of FY26. Having a modest contraction in total exports earnings, readymade garment (RMG) export earnings reached USD 9748.45 million in this quarter compared to the previous quarter's earnings of USD 9925.18 million. Morever, this figure represented 5.99 percent decrease from the same period in the previous fiscal year (USD 10369.19 million) amid the persistent global demand uncertainty.

- The top destinations for Bangladesh's RMG exports during October-December of FY26 are the United States, Germany, the United Kingdom, Spain, France, the Netherlands, Italy, Canada, and Belgium representing 70.07 percent share.

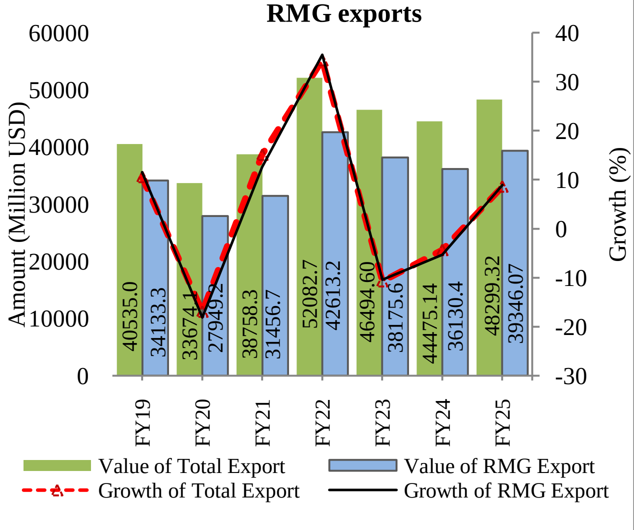
- In this quarter, RMGs' net export (determined by subtracting RMG raw material import value from RMG export value) was USD 6260.66 million or 64.22 percent of gross RMG exports.

Quarterly Review of Readymade Garments (RMG): October-December of FY26

1. Introduction

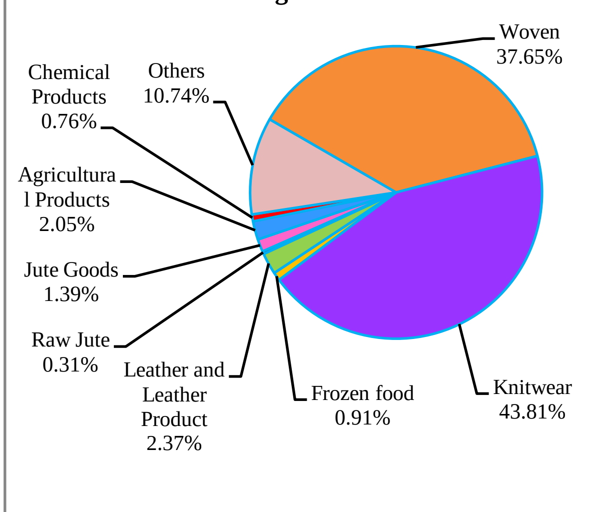
During the second quarter of FY26, Bangladesh's readymade garments (RMG) sector remained the country's export engine, bringing in around USD 9748.45 million. This quarter represents an important timeframe for assessing short term movements in export earnings and industry performance. During this period, global demand conditions, inflationary pressures in importing countries, shifts in consumer spending patterns and supply chain adjustments continue to influence order volumes and export receipts. In addition, production costs, exchange rate movements and logistical conditions play a considerable role in shaping the competitiveness of garment exports of Bangladesh. 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 consumer behavior shifts and global demand fluctuations as it moves into the rest of FY26.

Chart-1: Comparison of total exports and RMG exports



Source: Statistics Department, Bangladesh Bank

Chart-2: Sectoral share of export earnings FY25



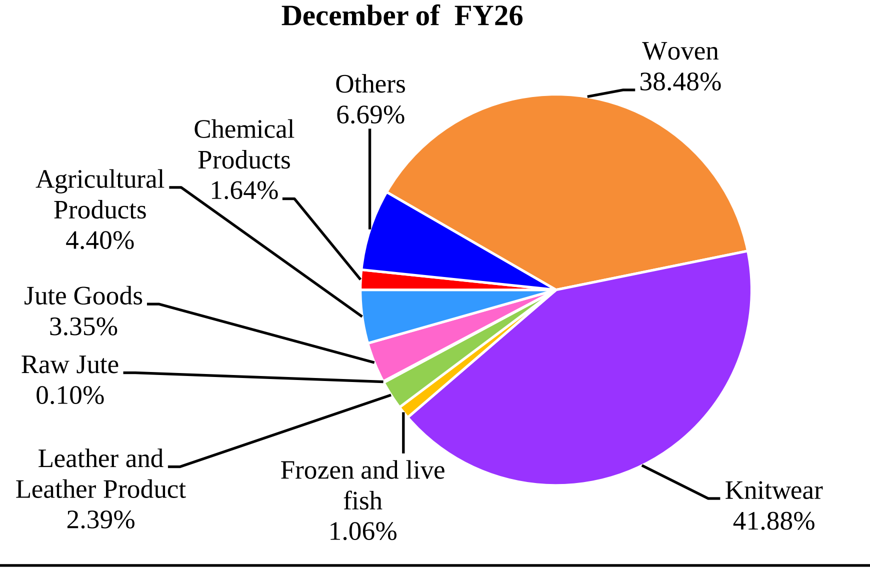
Source: Statistics Department, Bangladesh Bank

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.

2. Quarterly Decomposition of RMG Exports: October-December of FY26

Product-wise shares of export earnings during second quarter of FY26 reported in chart-3 showed that among the RMG items, the contribution of knitwear exports was 41.88 percent and woven exports was 38.48 percent. The growth of RMG sector reflects the broader influence of global demand conditions, cost competitiveness, and market diversification.On the other hand, among the non-RMG items, leather and leather products accounted for 2.39 percent, agricultural products for 4.40 percent, jute goods for 3.35 percent, frozen and live fish for 1.06 percent, chemical products for 1.64 percent, raw jute for 0.10 percent and other products for 6.69 percent.

Chart-3: Product-wise Export Earnings during October-December of FY26



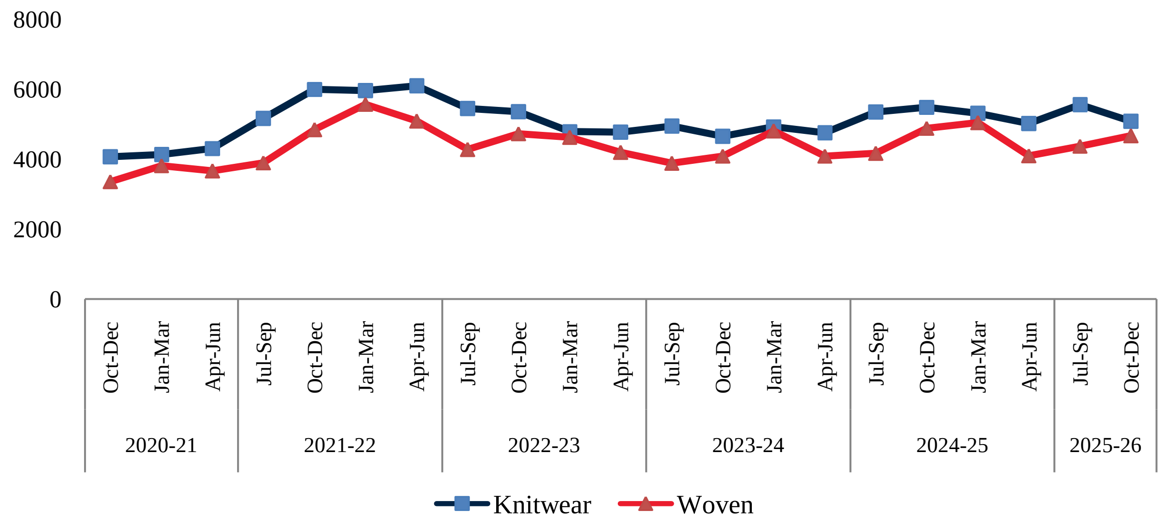
Source: Export Promotion Bureau (EPB) & Statistics Department, BB

2.1 Knitwear

In Q_2 of FY26, earnings from knitwear exports stood at USD 5080.77 million, marking a 8.52 percent decrease from that of the previous quarter (USD 5554.24 million). Similarly, earnings also decreased by 7.41 percent compared to the same quarter of the previous fiscal year, when knitwear exports stood at USD 5487.14 million.

The observed decline in knitwear export earnings during this period may be attributed to several factors such as, reduced demand in major export markets due to ongoing economic uncertainties and inflationary pressures, particularly in the European Union and North America; intense competition from other garment-exporting countries; higher production costs including increases in energy prices, raw material costs and wages; supply chain disruptions and fluctuations in global apparel orders might have contributed to the slowdown in knitwear export performance during the quarter.

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



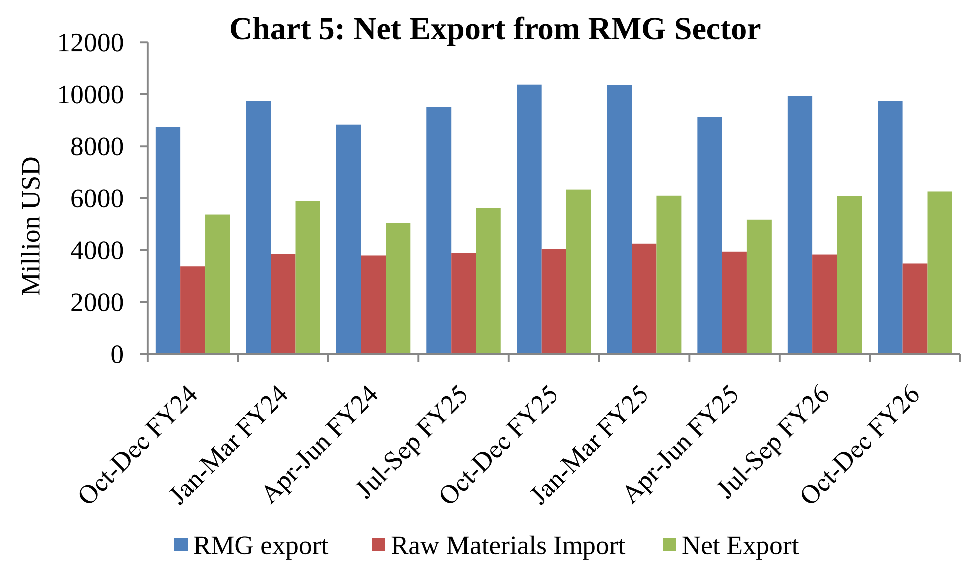
Source: Statistics Department, Bangladesh Bank

2.2 Woven Garments

Export earnings from woven garments in the second quarter of FY26 amounted to USD 4667.68 million. This represents a 6.79 percent increase compared to the previous quarter, when earnings stood at USD 4370.94 million. Moreover, the earnings also recorded a 4.39 percent decline compared to the same quarter of the previous fiscal year, which had generated USD 4882.05 million. The data indicates a quarter-to-quarter improvement in export performance, although earnings remained slightly lower than the corresponding period of the previous year, reflecting possible fluctuations in global demand, production dynamics or market conditions affecting the woven garment sector of Bangladesh.

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 3487.79 million in October-December of FY26, accounting for 35.78 percent of total RMG export earnings. As a result, net exports from this sector stood at USD 6260.66 million in the second quarter of FY26 which was 2.84 percent higher than that of the preceding quarter (USD 6087.97 million) while 1.09 percent lower than that of the same quarter of the previous year (USD 6329.45 million). The imports of raw materials and net exports based on L/C statements from October-December of FY24 to October-December of FY26 are shown in Chart-5 and Annexure-2 (July-September of FY23 to October-December of FY26) respectively.



Source: Foreign Exchange Operation Department, Bangladesh Bank

4. Destination-wise RMG Exports

During October-December 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 declined by 4.51 percent, stood at USD 6831.11 million. Moreover, on a year-on-year basis, earnings declined by 5.85 percent compared to USD 7255.67 million recorded in the corresponding quarter of the preceding fiscal year (Annexure-3). Export earnings from these countries amounted to USD 7607.38 million during the reporting period. Of this total, RMG exports accounted for 89.80 percent comprising 44.20 percent from woven garments and 45.60 percent from knitwear-equivalent to USD 6831.11 million (Table 1) to the above mentioned countries.

Table 1: Country wise RMG export in October-December 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	2224.98	1266.54	632.61	1899.15	325.82	85.36	14.64
Germany	1189.97	451.84	651.71	1103.56	86.41	92.74	7.26
UK	1103.06	406.16	625.60	1031.75	71.31	93.54	6.46
France	573.34	224.94	294.08	519.02	54.32	90.53	9.47
Spain	867.44	358.34	469.72	828.06	39.38	95.46	4.54
Italy	442.63	167.47	245.19	412.66	29.97	93.23	6.77
Belgium	186.95	56.72	86.12	142.85	44.11	76.41	23.59
Netherlands	624.85	244.77	303.31	548.07	76.78	87.71	12.29
Canada	394.16	185.34	160.66	345.99	48.16	87.78	12.22
Sub-Total	7607.38	3362.11	3469.00	6831.11	776.27	89.80	10.20
Others	4523.03	1305.57	1611.77	2917.34	1605.69	64.50	35.50
Total	**12130.41**	**4667.68**	**5080.77**	**9748.45**	**2381.96**	**80.36**	**19.64**

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).

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).

6. Conclusions

The near-term outlook for readymade garments (RMG) industry of Bangladesh following the October-December of FY26 will remain cautiously moderate, reflecting a combination of external demand uncertainty and emerging opportunities in key export markets. Because, export performance in the coming quarters will largely depend on the pace of economic recovery in major importing countries, stabilization of global supply chains and the ability of this sector to diversify products and markets. Strengthening logistics, enhancing productivity and expanding into higher value apparel segments might be critical for maintaining the competitiveness of Bangladesh in the global garment market.

Annexure

Annexure-1: Export of readymade garments (RMG)

(FY21 to Oct-Dec 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
Oct-Dec FY26	12130.41	-	4667.68	-	5080.77	9748.45	38.48	41.88	80.36

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
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%)
Oct-Dec FY26	9748.45	3487.79	6260.66 (64.22%)

[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	Apr-Jun'24	Jul-Sep'25	Oct-Dec'25	Jan-Mar'25	Apr-Jun'25	Jul-Sep'26	Oct-Dec'26
USA	1728.28	1852.30	1989.55	1895.18	1809.61	2002.11	1899.15
Germany	1085.03	1161.75	1306.42	1331.87	1150.36	1119.39	1103.56
UK	973.00	1141.98	1023.42	1188.64	994.93	1214.45	1031.75
France	537.71	482.38	607.57	555.91	510.54	470.31	519.02
Spain	789.50	866.61	832.44	951.84	747.64	1004.94	828.06
Italy	355.49	319.87	451.36	400.82	367.11	334.38	412.66
Belgium	146.88	140.32	154.44	107.88	147.16	127.71	142.85
Netherlands	417.66	511.34	545.46	547.78	483.86	545.51	548.07
Canada	326.15	296.35	345.01	322.15	338.23	335.15	345.99
Sub-Total	**6359.72**	**6772.90**	**7255.67**	**7302.07**	**6549.44**	**7153.95**	**6831.11**
Others	2477.42	2739.06	3113.52	3047.22	2566.20	2771.23	2917.34
Total	**8837.14**	**9511.96**	**10369.19**	**10349.29**	**9115.63**	**9925.18**	**9748.45**

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