

*Quarterly Review on Readymade Garments (RMG)¹:
January-March FY'21*



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Summary

- ❖ In January-March FY'21, total export earnings from Readymade Garments (RMG) stood at USD 7942.36 million (Woven USD 3814.35 million and Knitwear USD 4128.01 million) which was 7.05 percent higher than that of the previous quarter but 1.70 percent lower than that of the corresponding quarter of last year respectively due to slower global economic recovery amid the second wave of COVID-19 pandemic.
- ❖ Quarterly target of RMG export in January-March FY21 was USD 8737.13 million. Total export earnings from RMG was 9.10 percent lower than that of the quarterly target.
- ❖ In this quarter, RMG contributed 81.84 percent to total export earnings and 84.54 percent to total manufacturing product exports.
- ❖ During January-March quarter of FY'21, the main destinations of Bangladesh's RMG were the Germany, USA, UK, Spain, France, Italy, Netherlands, Canada and Belgium. Total RMG export earnings from these countries stood at USD 5599.14 million or 70.50 percent of the total RMG exports.
- ❖ The net export of RMG (as calculated by subtracting import value of RMG raw materials from RMG export value) was USD 4575.81 million in this quarter.

Quarterly Review on Readymade Garments (RMG): January-March FY'21

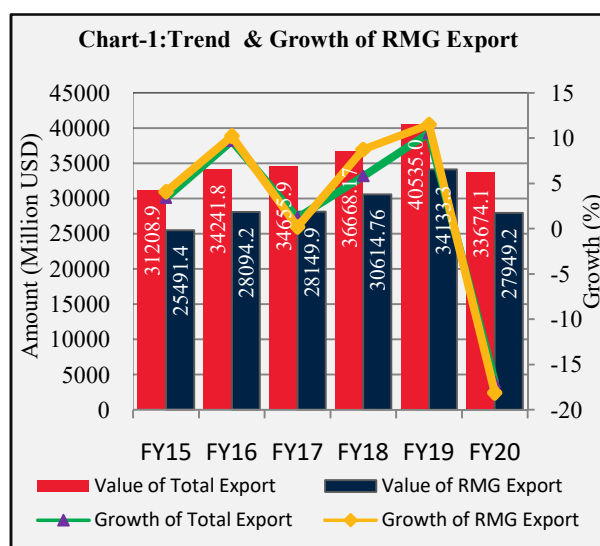
The export earnings from Readymade Garments (RMG) sector of Bangladesh turned around a positive growth (7.05 percent) in the January-March quarter of FY'21 after a fall in the last two consecutive quarters. The timely and constructive responses against pandemic by government and the Bangladesh bank helped to recover the RMG sector, however it is still uneven for the second wave of COVID-19 reappearance.

The contribution of RMG in GDP is 8.49 percent in FY'20. In FY'20, Bangladesh's total export earnings from RMG stood at USD 27949.2 million which was 18.12 percent lower than that of the previous fiscal year¹ (Chart-1).

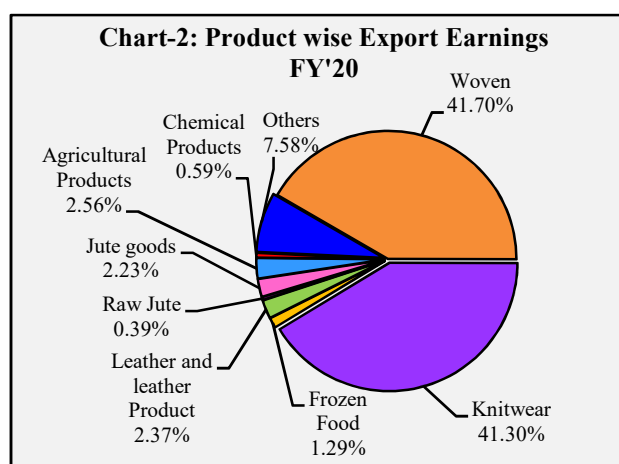
The contributions of RMG and non-RMG products to total export earnings in FY'20 were shown in Chart-2.

Quarterly Performance of RMG: January-March FY'21

During the third quarter of FY'21, total export earnings from RMG increased by 7.05 percent compared to that of the previous quarter, due to decreasing tendency of Covid-19 affected people. During January-March of FY'21, total export earnings from RMG was 9.10 percent lower than the quarterly target. Product-wise export earnings showed that the contribution of woven garments and



Source: Export Promotion Bureau (EPB)



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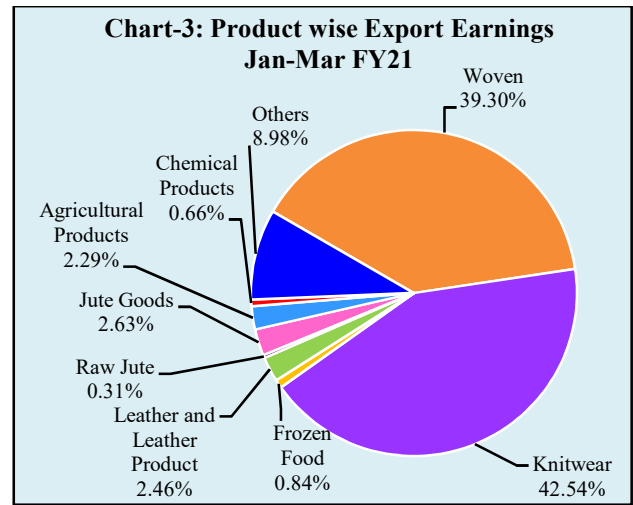
knitwear to total export earnings stood at 39.30 percent and 42.54 percent respectively during the quarter under report (Table-1). In this quarter, the contributions of non-RMG products to total exports

¹Source :Export Promotion Bureau (EPB)

earnings were as follows: jute goods (2.63 percent), leather and leather products (2.46 percent), agricultural products (2.29 percent), frozen foods (0.84 percent), chemical products (0.66 percent), raw jute (0.31 percent), and other products (8.98 percent) (Chart 3).

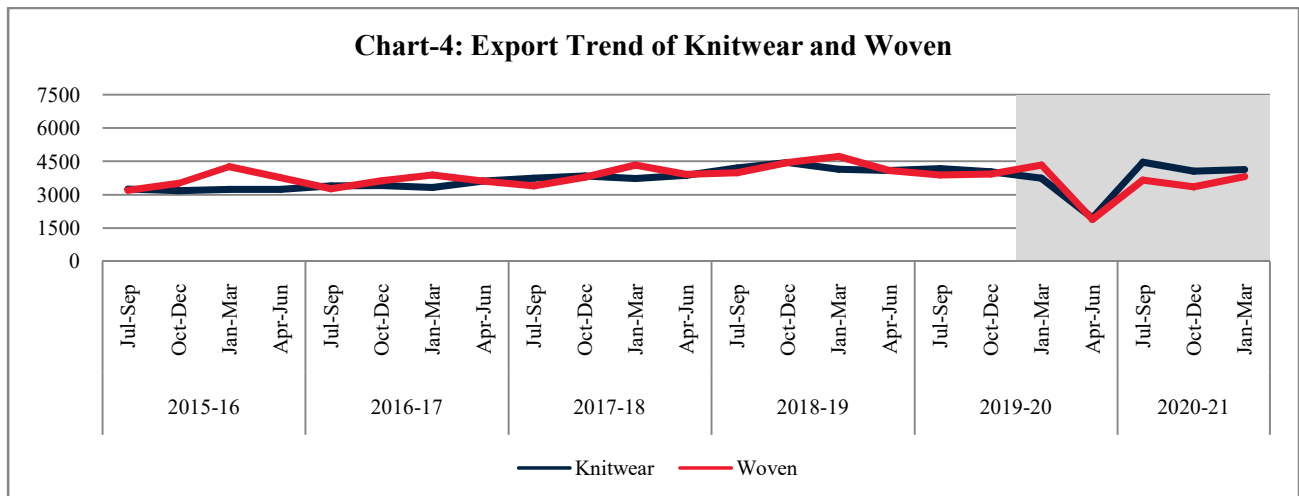
Knitwear

Export earnings from knitwear stood at USD 4128.01 million during the third quarter of FY'21, which were 1.61 percent higher than that of the previous quarter and 10.12 percent higher than that of the same quarter of the preceding year. Moreover, knitwear export was 4.42 percent lower than the export target for the quarter under report (Table-1). Quarterly export earnings from knitwear are shown in Chart-4.



Woven Garments

Export earnings from woven garments stood at USD 3814.35 million during the third quarter of FY'21, which were 13.63 percent higher than the previous quarter's earnings but 11.93 percent lower than the earnings of the same quarter of the preceding year. Moreover, woven garments export was 13.67 percent lower than the export target of that quarter (Table-1). Quarterly export earnings from woven garments are depicted in Chart-4.



*Shaded area denotes the export earnings during Covid-19

Table-1: Export of Readymade Garments

(From FY'11 to Jan-Mar, FY'21)

(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)
FY11	22924.00	6614.77	8432.40	7131.62	9482.06	17914.50	36.78	41.36	78.15
FY12	24287.70	9559.98	9603.34	10800.10	9486.39	19089.70	39.54	39.11	78.60
FY13	27027.36	10927.37	11039.85	10610.89	10475.88	21515.73	40.85	38.76	79.61
FY14	30176.80	12571.46	12442.07	11575.85	12049.81	24491.88	41.23	39.93	81.16
FY15	31208.94	13681.77	13064.61	13215.61	12426.79	25491.40	41.86	39.82	81.68
FY 16	34241.82	14105.42	14738.74	13266.21	13355.42	28094.16	43.04	39.00	82.05
FY17	34655.92	16210.00	14392.59	14169.00	13757.30	28149.89	41.53	39.70	81.23
FY18	36668.17	15060.00	15426.25	15100.00	15188.51	30614.76	42.07	41.42	83.49
FY'19	40535.04	16539.00	17244.73	16150.00	16888.54	34133.27	42.54	41.66	84.21
Jul-Sep FY20	9647.99	4612.95	3887.34	4493.76	4170.22	8057.56	40.29	43.22	83.52
Oct-Dec FY20	9654.17	4797.10	3930.88	4673.14	4035.58	7966.46	40.72	41.80	82.52
Jan-Mar FY20	9671.67	5004.21	4330.95	4874.90	3748.75	8079.70	44.78	38.76	83.54
Apr-Jun FY20	4700.26	4935.74	1892.02	4808.20	1953.45	3845.47	40.25	41.56	81.81
FY'20	33674.09	19350.00	14041.19	18850.00	13908.00	27949.19	41.70	41.30	83.00
Jul-Sep FY21	9896.84	4025.39	3662.72	3934.68	4463.66	8126.38	37.01	45.10	82.11
Oct-Dec FY21	9336.61	4173.74	3356.67	4079.69	4062.51	7419.18	35.95	43.51	79.46
Jan-Mar FY21	9704.90	4418.35	3814.35	4318.78	4128.01	7942.36	39.30	42.54	81.84

Source: Export Promotion Bureau, Bangladesh

Import of Raw Materials and Net Exports

During January-March of FY'21, the import value of raw materials (raw cotton, synthetic/viscose fibre, synthetic/mixed yarn, cotton yarn, and textile fabrics and accessories for garments) stood at USD 3366.55 million, which was 42.39 percent of total export earnings from RMG sector. Therefore, the net export from this sector stood at USD 4575.81 million, which was 0.1 percent higher than the previous quarter but 1.63 percent lower than that of the same quarter of the preceding year. Import of raw materials and net export based on L/C statement (FEOD) from FY'18 (January-March) to FY'21 (January-March) are shown in chart-5 and table 2.

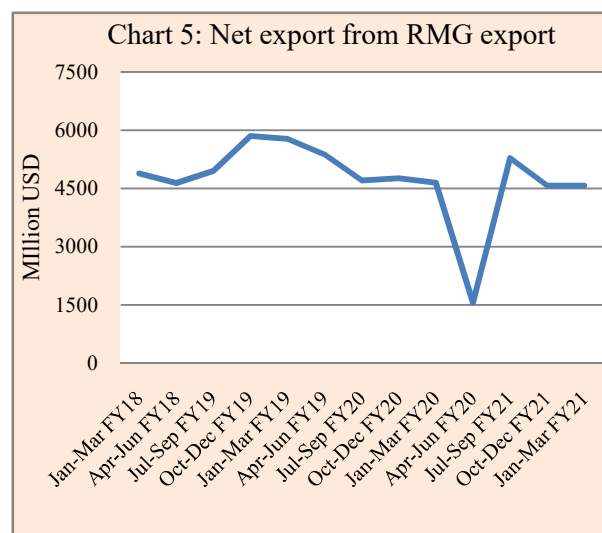


Table-2: Trends of net exports from RMG sector in context of raw materials import

(Million USD)

Fiscal Year	RMG ^{A/} Export	Raw Materials Import ^{B/}	Net export in RMG
	1	2	3=1-2
Jan-Mar FY18	8061.65	3172.35	4889.30
Apr-Jun FY18	7780.32	3137.07	4643.25
Jul-Sep FY19	8191.67	3240.83	4950.84
Oct-Dec FY19	8893.24	3040.68	5852.56
Jan-Mar FY19	8866.51	3088.16	5778.35
Apr-Jun FY19	8181.85	2808.64	5373.21
Jul-Sep FY20	8057.56	3349.17	4708.39
Oct-Dec FY20	7966.46	3201.95	4764.51
Jan-Mar FY20	8079.70	3427.93	4651.77
Apr-Jun FY20	3845.47	2290.85	1554.62
Jul-Sep FY21	8126.38	2845.83	5280.55
Oct-Dec FY21	7419.18	2847.81	4571.37
Jan-Mar FY21	7942.36	3366.55	4575.81

^{A/}Export Promotion Bureau. ^{B/}Amount of L/C Settlement FEOD, Bangladesh Bank.

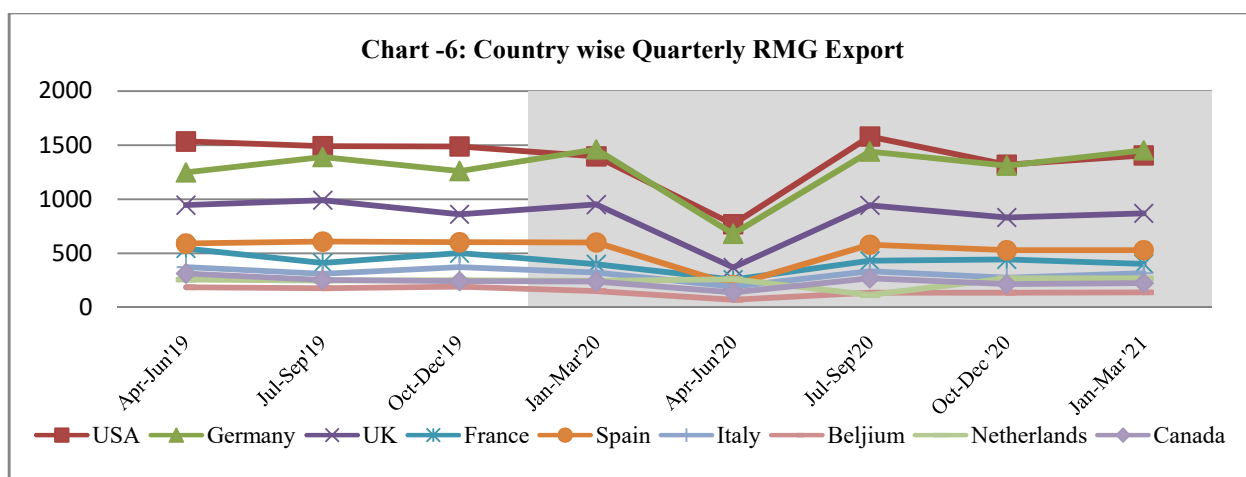
Note: From July- September 2018, We have considered the main head value of the components (raw cotton, synthetic/viscose fibre, synthetic/mixed yarn, cotton yarn and textile fabrics and accessories for garments) instead of only back to back L/Cs Raw materials.

Source: Own calculation of Research Department.

Destination of RMG

The main destinations of Bangladesh's RMG are the Germany, USA, UK, France, Spain, Italy, Belgium, Netherlands and Canada (Chart-6). During January-March of FY'21, total export earnings from these countries stood at USD 6239.33 million. Of which 89.74 percent or USD 5599.14 million was earned from the RMG (woven

45.12 percent and knitwear 44.62 percent) export (Table-3). During the quarter under report, RMG export earnings from these nine countries increased by 5.02 percent as compared to that of the previous quarter and this was 1.14 percent higher than that of the corresponding quarter of the preceding fiscal year.



*Shaded area denotes the export earnings during COVID-19

Table-3: Country wise RMG Export in January-March , FY21							
(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	1672.84	927.58	479.47	1407.05	265.79	84.11	15.89
Germany	1532.47	720.55	733.11	1453.66	78.81	94.86	5.14
UK	939.62	367.62	502.36	869.98	69.64	92.59	7.41
France	448.36	165.96	236.86	402.82	45.54	89.84	10.16
Spain	567.96	236.96	294.08	531.04	36.92	93.50	6.50
Italy	337.22	124.03	191.99	316.02	21.2	93.71	6.29
Belgium	164.09	42.38	95.7	138.08	26.01	84.15	15.85
Netherlands	302.74	116.09	139.08	255.17	47.57	84.29	15.71
Canada	274.03	114.15	111.17	225.32	48.71	82.22	17.78
Sub-Total	6239.33	2815.32	2783.82	5599.14	640.19	89.74	10.26
Others Countries	3465.57	999.03	1344.19	2343.22	1122.35	67.61	32.39
Total	9704.90	3814.35	4128.01	7942.36	1762.54	81.84	18.16

Source: Export Promotion Bureau, Bangladesh

Recent Measures Taken by the Government, Bangladesh Bank and Other Stakeholders

The government has taken a number of measures to increase RMG production and boosted up RMG export. Following funds are of the important:

Financial Stimulus Fund: A financial stimulus fund worth of BDT 50.00 billion was formed from the budgetary allotment of the Government to combat the negative impact of Covid-19 on exports for paying a maximum of three months' salaries and allowances to the workers-staffs of the export oriented industries. Entrepreneurs of such industries can take loans from this fund through banks at two percent service charge. (BRPD Circular No 07, Date 02 April, 2020). Borrowers will enjoy additional 180 days as grace periods for repayment installment facility against loans from March 2021. After the end of grace

periods (applicable till 30 September 2021), the remaining portion of loan must be paid with 18 EMI (BRPD Circular No 15, Date 24 Feb, 2021).

Pre-shipment Credit: To continue the export activities of export oriented RMG industries amid the Corona Virus pandemic, Bangladesh Bank has formed a refinance fund worth of BDT 50.00 billion. RMG entrepreneurs can take loans from this fund through banks at 6 (six) percent rate of interest (BRPD Circular No 9, Date 13 April, 2020).

Export Development Fund (EDF): Loan limit from EDF has been enhanced from the

existing limit of USD 25 million to USD 30 million against foreign currency financing of input procurement for member mills of BGMEA and BTMA until June 30, 2021 (FE Circular No. 05 , Date 27 January, 2021). Moreover, the member mills of BKMEA can borrow a maximum limit of

USD 20 million as single borrower (FE Circular No. 09, Date 25 February, 2020). BB reduced the interest rate on EDF loans from 2.00 percent to 1.75 percent per annum at borrower level until March 31, 2021. (FE Circular No-47, Date 28 October, 2020).

Conclusion

The total export earnings from RMG increased in the January-March quarter of FY'21 compared to that of the previous quarter as the global economies are recovering day by day after the first wave of Covid-19 pandemic situation. The ongoing vaccination programs along with the social distancing and continuous tighter lockdown, the execution of various supporting stimulus packages for different economic agents from the government, the Bangladesh Bank's different prudential financial policies etc may contribute positive impacts in our economy's resilience. The exports in RMG may further rise in the upcoming quarters.