

Quarterly Review of Readymade Garments (RMG): January-March of FY26*



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Highlights

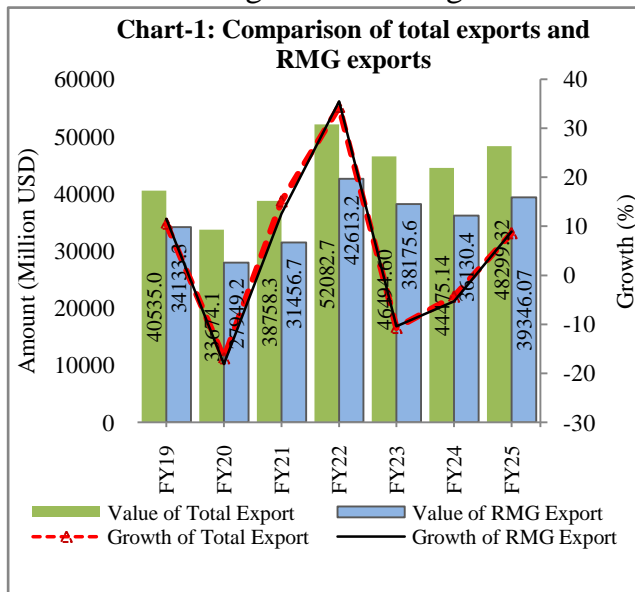
- Having a moderate downturn in total exports earnings, readymade garment (RMG) export earnings reached USD 9197.80 million in January-March quarter of FY26 compared to the previous quarter's earnings of USD 9748.45 million. Moreover, this figure represented 11.13 percent decrease from the same period in the previous fiscal year (USD 10349.29 million) amid the persistent global demand uncertainty.
- The United States, Germany, the United Kingdom, Spain, France, the Netherlands, Italy, Canada, and Belgium emerged as the top destinations for Bangladesh's RMG exports during January-March of FY26. Exports to these nine countries generated USD 6513.42 million, representing 70.81 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 5642.65 million or 61.35 percent of gross RMG exports.

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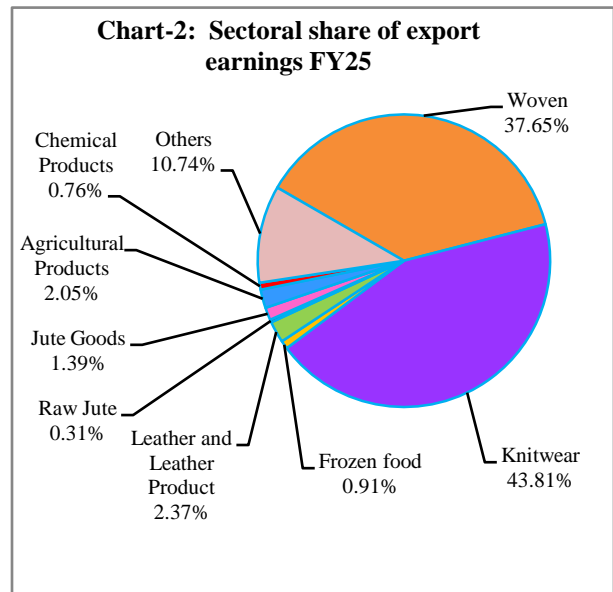
January-March of FY26

1. Introduction

The ready-made garment (RMG) sector of Bangladesh maintained its dominant position in the country's export basket, supported by a strong manufacturing base, competitive labor costs, and long-standing relationships with international apparel brands. In the third quarter of FY26, the sector experienced a moderation in performance compared to both the previous quarter and the corresponding quarter of FY25, with export earnings amounting to USD 9197.80 million. This slowdown in export earnings was primarily driven by weaker consumer demand in major export destinations, particularly the USA and Europe, amid persistent global economic uncertainties and inflationary pressures. Additionally, increased competition from other garment-exporting countries, higher production and logistics costs, supply chain disruptions, and geopolitical tensions affecting global trade may have further contributed to the weaker export performance. Despite these challenges, the RMG sector continued to play a vital role in generating foreign exchange earnings, creating employment opportunities, and supporting the overall economic growth of Bangladesh.



Source: Statistics Department, Bangladesh Bank

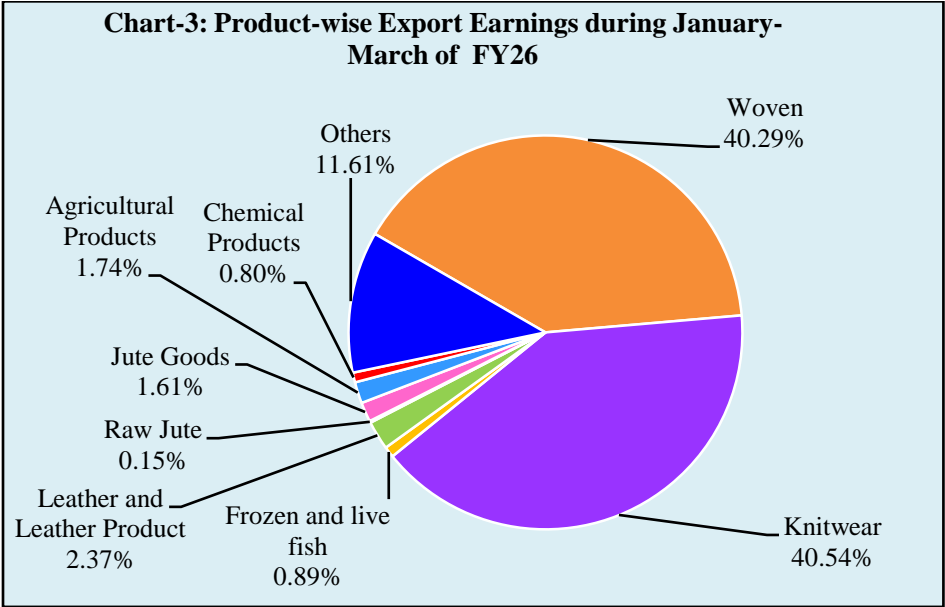


Source: Statistics Department, Bangladesh Bank

Therefore, 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: January-March of FY26

As shown in Chart 3 below, the product-wise export earning structure for the third quarter of FY26 showed that ready-made garments were the leading sector contributing towards the export earnings of Bangladesh. Amongst the various RMG items, knitwear made up 40.54 percent of total export earning, while woven garments represented 40.29 percent. As can be seen, RMG remains a key player in Bangladesh's exports. Other export products include leather and leather goods, which made up 2.37 percent; agricultural products, which contributed 1.74 percent; jute items, making up 1.61 percent; frozen & live fish, contributing 0.89 percent; chemical products, at 0.80 percent; and raw jute, accounting for 0.15 percent of total export earning. The remaining 11.61 percent were attributed to other export products.



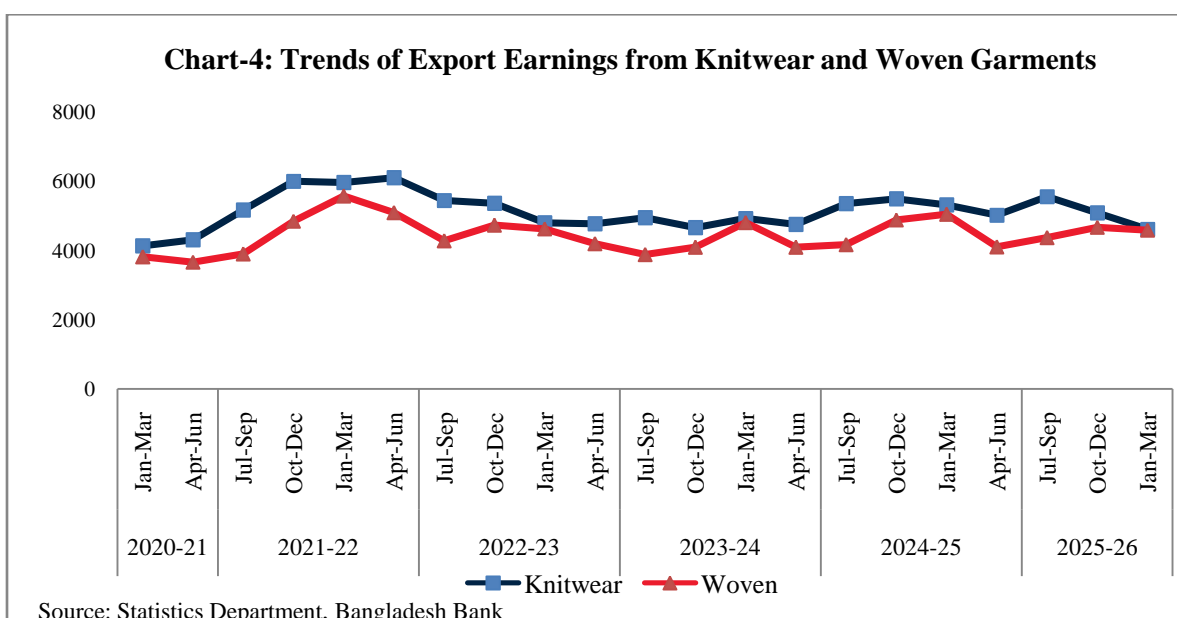
Source: Export Promotion Bureau (EPB) & Statistics Department, BB

2.1 Knitwear

In Q3 of FY26, earnings from knitwear exports amounted to USD 4,613.43 million, representing a 9.20 percent decline from the previous quarter (USD 5,080.77 million).

Compared to the same quarter of the previous fiscal year, knitwear exports also fell 13.10 percent from USD 5,308.94 million.

There could be a variety of reasons behind the fall in knitwear exports during this period. These include, but are not limited to, uncertainties in global trade, high freight charges, energy supply problems, higher raw materials cost, cautious inventory management by international retailers and disruptions arising from geopolitical tensions. Moreover, dependence on a few export destinations and tough competition by other clothing exporting countries can be seen as other potential causes for reduced profits from knitwear export.

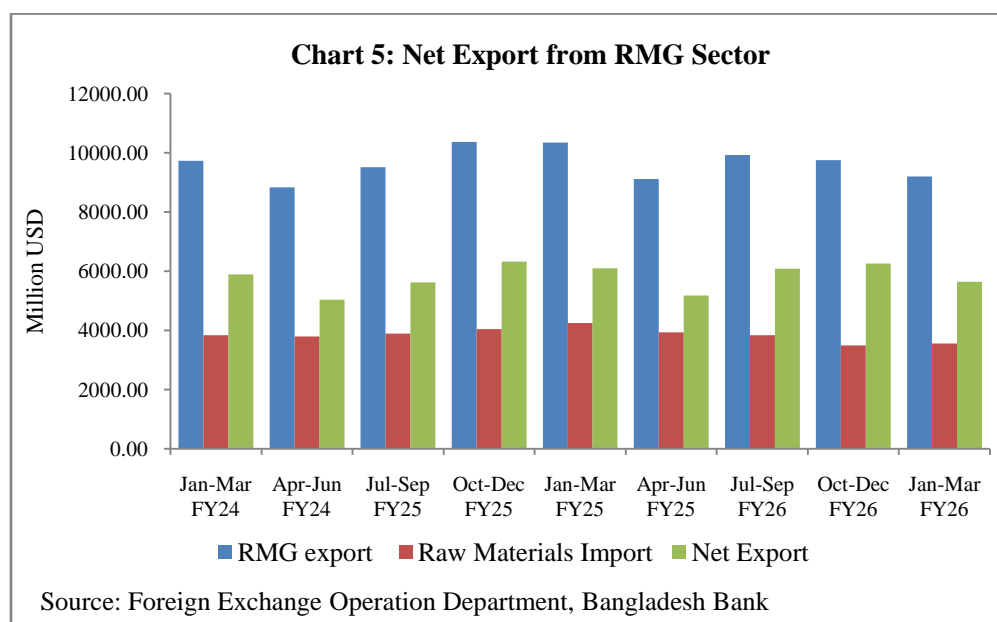


2.2 Woven Garments

Export earnings from woven garments in Q3 of FY26 stood at USD 4,584.37 million, reflecting a 1.78 percent reduction from the previous quarter, with earnings at USD 4,667.68 million. Compared to the same quarter of the previous fiscal year, earnings dropped 9.05 percent from USD 5,040.35 million. The decrease may be attributed to subdued demand in key export markets amid global economic uncertainties, increased competition from other garment-exporting countries, higher production costs, and seasonal fluctuations in international apparel orders. Together, these factors contributed to a modest contraction in woven garment export earnings during the quarter.

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 3555.15 million in January-March of FY26, accounting for 38.65 percent of total RMG export earnings. As a result, net exports from this sector stood at USD 5642.65 million in the third quarter of FY26 which was 9.87 percent lower than that of the preceding quarter (USD 6260.66 million) and 7.43 percent lower than that of the same quarter of the previous year (USD 6095.44 million). The imports of raw materials and net exports based on L/C statements from January-March of FY24 to January-March of FY26 are shown in Chart-5 and Annexure-2 (July-September of FY23 to January-March of FY26) respectively.



4. Destination-wise RMG Exports

During January-March 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 6513.42 million. Moreover, on a year-on-year basis, earnings declined by 4.65 percent compared to USD 6831.11 million recorded in the corresponding quarter of the preceding fiscal year (Annexure-3).

Export earnings from these countries amounted to USD 7235.13 million during the reporting period. Of this total, RMG exports accounted for 90.03 percent comprising 46.25 percent from woven garments and 43.78 percent from knitwear-equivalent to USD 6513.42 million (Table 1) to the above mentioned countries.

Table 1: Country wise RMG export in January-March 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	2067.03	1191.96	558.10	1750.05	316.97	84.67	15.33
Germany	1151.36	470.35	609.59	1079.94	71.42	93.80	6.20
UK	1163.83	486.88	603.28	1090.16	73.67	93.67	6.33
France	527.01	198.87	273.38	472.25	54.76	89.61	10.39
Spain	953.14	415.66	484.60	900.25	52.88	94.45	5.55
Italy	340.40	140.24	174.68	314.93	25.47	92.52	7.48
Belgium	121.52	41.22	60.93	102.15	19.36	84.07	15.93
Netherlands	578.48	245.50	268.89	514.39	64.09	88.92	11.08
Canada	332.37	155.46	133.83	289.29	43.08	87.04	12.96
Sub-Total	7235.13	3346.14	3167.28	6513.42	721.71	90.02	9.98
Others	4143.98	1238.23	1446.15	2684.38	1459.59	64.78	35.22
Total	11379.10	4584.37	4613.43	9197.80	2181.30	80.83	19.17

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 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

The near-term outlook for Ready-Made Garments (RMG) industry of Bangladesh remains moderately positive, supported by the anticipated recovery in global apparel demand, country's competitive position in international market and continued improvements in sustainability and compliance standards. Nevertheless, the sector faces challenges arising from global economic uncertainty, geopolitical tensions, rising production costs and intensifying competition from other garment-exporting countries. Going forward, export diversification, value-added production and enhanced productivity will be crucial for sustaining growth and strengthening the resilience of the RMG industry.

Annexure

Annexure-1: Export of readymade garments (RMG) (FY21 to Jan-Mar 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
Jan-Mar FY26	11379.10	-	4584.37	-	4613.43	9197.80	40.29	40.54	80.83

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%)
Jan-Mar FY26	9197.80	3555.15	5642.65 (61.35%)

^{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	Jul-Sep'25	Oct-Dec'25	Jan-Mar'25	Apr-Jun'25	Jul-Sep'26	Oct-Dec'26	Jan-Mar'26
USA	1852.30	1989.55	1895.18	1809.61	2002.11	1899.15	1750.05
Germany	1161.75	1306.42	1331.87	1150.36	1119.39	1103.56	1079.94
UK	1141.98	1023.42	1188.64	994.93	1214.45	1031.75	1090.16
France	482.38	607.57	555.91	510.54	470.31	519.02	472.25
Spain	866.61	832.44	951.84	747.64	1004.94	828.06	900.25
Italy	319.87	451.36	400.82	367.11	334.38	412.66	314.93
Belgium	140.32	154.44	107.88	147.16	127.71	142.85	102.15
Netherlands	511.34	545.46	547.78	483.86	545.51	548.07	514.39
Canada	296.35	345.01	322.15	338.23	335.15	345.99	289.29
Sub-Total	6772.90	7255.67	7302.07	6549.44	7153.95	6831.11	6513.42
Others	2739.06	3113.52	3047.22	2566.20	2771.23	2917.34	2684.38
Total	9511.96	10369.19	10349.29	9115.63	9925.18	9748.45	9197.80

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