Quarterly Review of Readymade Garments (RMG) July-September of FY27*

External Economics Wing
Research Department
Bangladesh Bank

* This report is prepared by Nurun Nahar Sultana, Director; Rama Rani Sutradhar, Additional Director; and Md. Alamin, Deputy Director of Research Department. Comments on any aspects of this report are highly welcomed and can be sent through e-mail: *nurun.sultana@bb.org.bd*; *rama.sutradhar@bb.org.bd* and *md.alamin962@bb.org.bd.*

Quarterly Review of Readymade Garments (RMG)
July-September of FY27

Highlights

- Readymade garments (RMG) export earnings rose to USD 10545.16 million in July-September quarter of FY27, increasing by 4.43 percent from the previous quarter's earnings of USD 10098.29 million. Moreover, this figure represented a 6.25 percent increase from the same period in the previous fiscal year (USD 9925.18 million).

- The United States, the United Kingdom, Spain, Germany, the Netherlands, France, Canada, Italy and Belgium emerged as the top destinations for Bangladesh's RMG exports during July-September of FY27. RMG exports of the nine countries during this quarter was USD 7603.74 million, representing 72.11 percent share of total RMG exports.

- In this quarter, RMGs' net export (determined by subtracting RMG raw material import value from RMG export value) was USD 6770.09 million which is 64.20 percent of gross RMG exports.

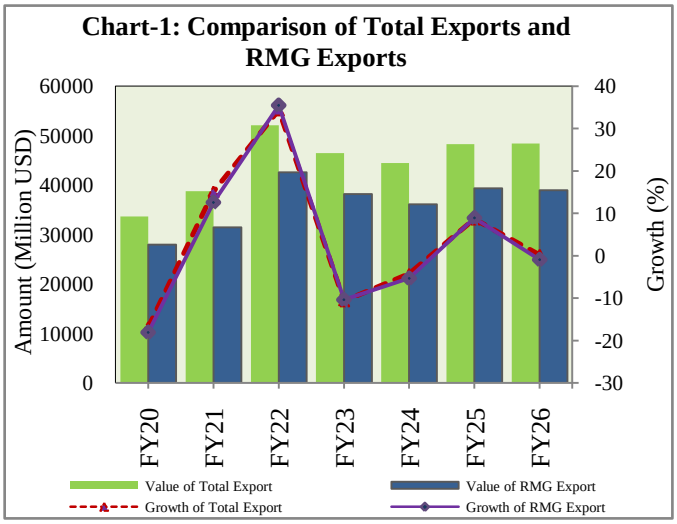
Quarterly Review of Readymade Garments (RMG)

July-September of FY27

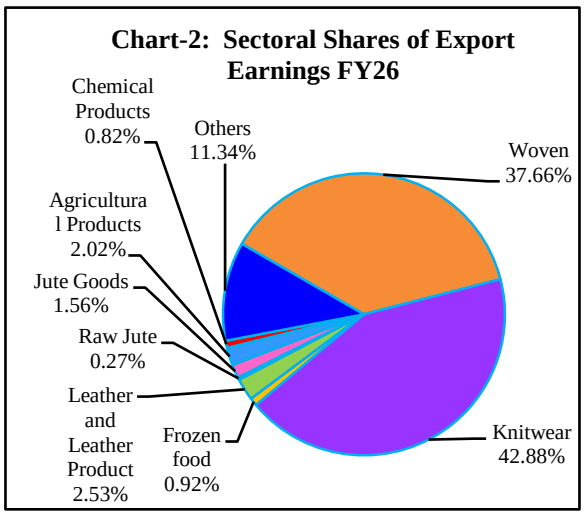
1. Introduction

During July-September of FY27 (Q1 FY27), Bangladesh's ready-made garments (RMG) export earnings rose to USD 10545.16 million, higher than both the previous quarter and the corresponding quarter of FY26, and accounted for 80.79 percent of total exports. In this quarter, the RMG sector operated in the context of a changing global trade environment, evolving consumer demand, rising production and compliance requirements, and intensified competition in international apparel markets. Exchange rate movements, domestic production costs, energy supply, labour-related issues, and international trade conditions affected the competitiveness of apparel exporters of Bangladesh. Concentration in major destinations and demand between knitwear and woven garments also influenced the quarterly performance of this sector.

Despite these challenges, the RMG sector made a significant contribution of 7.82 percent to Bangladesh's nominal GDP in FY26. The total RMG export earnings for FY26 stood at USD 38969.72 million, indicating a decreased growth of 0.96 percent compared to that of the previous fiscal year. Chart-1 shows the comparison of total exports and RMG exports; and the sectoral shares of export earnings of FY26 are shown in Chart-2.



Source: Statistics Department, Bangladesh Bank

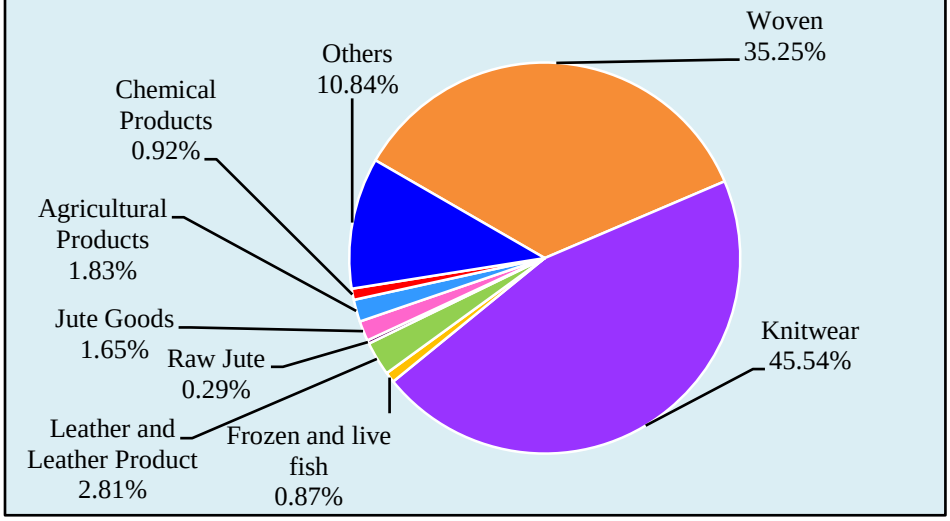


Source: Statistics Department, Bangladesh Bank

2. Quarterly Decomposition of RMG Exports

Product-wise export earning structure for the first quarter of FY27 illustrated that ready-made garments were the leading sector contributing towards the export earnings of Bangladesh. Of the various RMG items, knitwear made up 45.54 percent of total export earnings, while woven garments represented 35.25 percent. As can be seen, RMG remains a key player in Bangladesh's exports. Other export products include leather and leather products (2.81 percent), agricultural products (1.83 percent), jute goods (1.65 percent), chemical products (0.92 percent), frozen and live fish (0.87 percent) and raw jute (0.29 percent) of total export earnings. The remaining 10.84 percent were attributed to other export products. Product-wise export earnings are shown in chart-3.

Chart-3: Product-wise Export Earnings during July-September of FY27



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

2.1 Knitwear

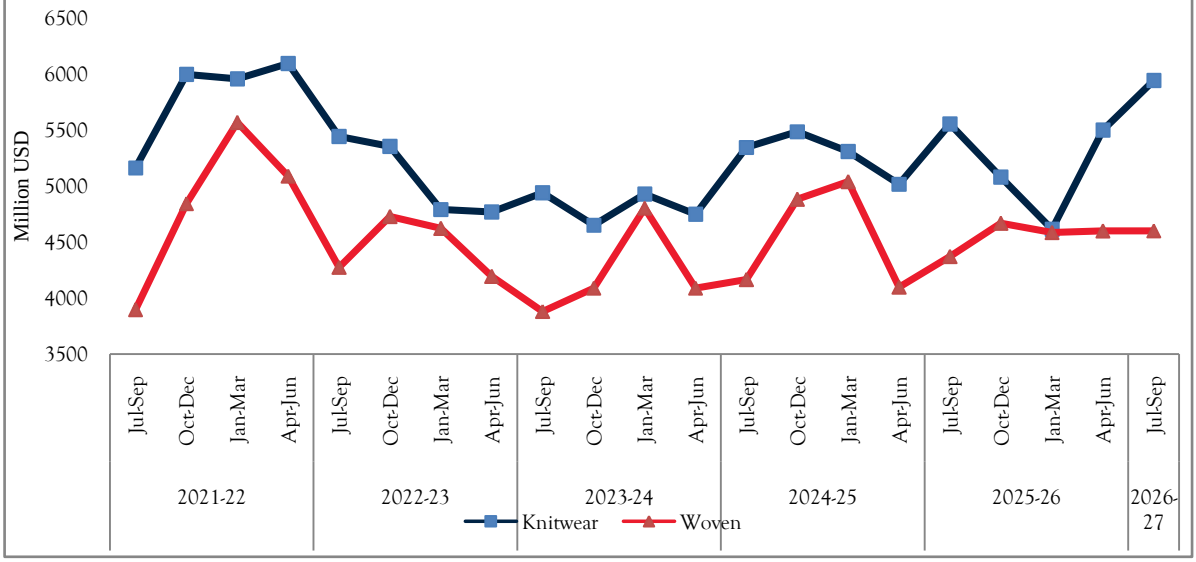
During the first quarter of FY27, earnings from knitwear exports rose to USD 5944.00 million, representing an 8.08 percent increase from the previous quarter (USD 5499.62 million). Compared to the same quarter of the previous fiscal year, knitwear exports also rose by 7.02 percent from USD 5554.24 million. This growth was underpinned by a temporary recovery in international demand, increased shipments to major export markets and favourable shipment timing. Nevertheless, the recovery remained subdued

due to global apparel demand, intensifying competition in key markets, rising production costs and continued uncertainty over US trade policy. The increase in earnings during Q1 of FY27 was partly attributable to base effects and favourable shipment timing rather than a sustained improvement in underlying global demand.

2.2 Woven Garments

Export earnings from woven garments in the first quarter of FY27 stood at USD 4601.16 million, slightly increased from the previous quarter (USD 4598.67 million, up 0.05 percent). Compared to the same quarter of the previous fiscal year, woven earnings rose by 5.27 percent from USD 4370.94 million. Woven garments accounted for 43.63 percent of total RMG exports, and 35.25 percent of total exports for the reporting quarter. The United States was the largest woven market, with earnings of USD 1335.40 million. Despite a notable increase in knitwear exports, woven garment exports have underperformed relative to knitwear in recent quarters. Chart-4 showed the trends of export earnings from knitwear and woven garments.

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

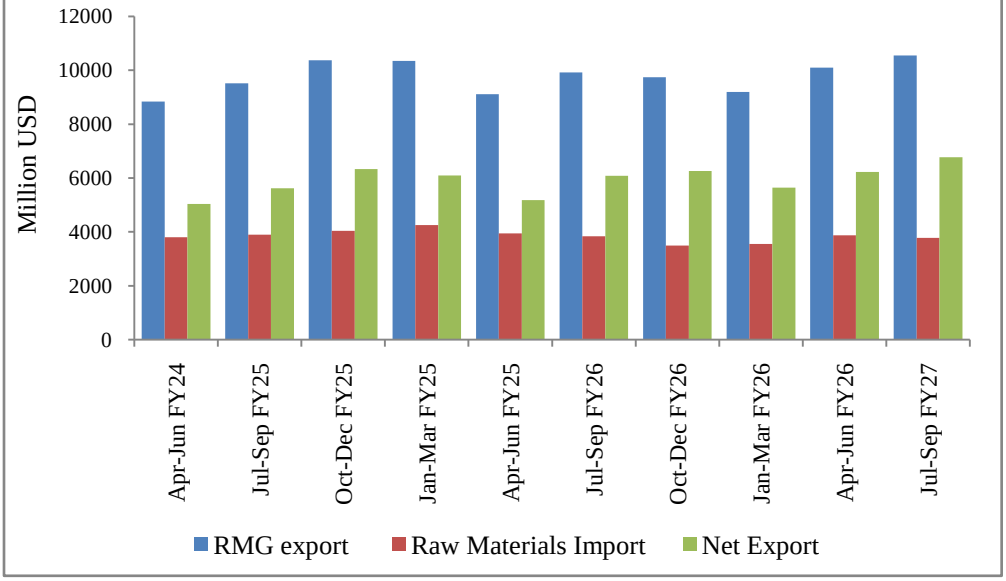


Source: Statistics Department, Bangladesh Bank

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 3775.07 million in July-September of FY27, accounted for 35.80 percent of total RMG export earnings. As a result, net exports from this sector stood at USD 6770.09 million in the first quarter of FY27, which was 8.69 percent higher than that of the preceding quarter (USD 6228.53 million) and 11.20 percent higher than that of the same quarter of the previous fiscal year (USD 6087.97 million). Net exports equaled 64.20 percent of gross RMG exports. The RMG export, raw materials import and net export April-June of FY24 to July-September of FY27 are shown in Chart-5 and Annexure-2 (July-September of FY23 to July-September of FY27) respectively.

Chart 5: Net Export from RMG Sector



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

4. Destination-wise RMG Exports

Bangladesh's Ready-Made Garments (RMG) exports were primarily directed to nine major destinations the United States, the United Kingdom, Spain, Germany, the Netherlands, France, Canada, Italy and Belgium. Both knitwear and woven garments increased on quarterly and year-on-year basis. RMG export earnings from these nine countries increased by 5.03 percent and stood at USD 7603.74 million during July-

September of FY27, and also rose by 6.29 percent compared to USD 7153.95 million in the corresponding quarter FY26. Total export earnings from these countries amounted to USD 8437.97 million during the reporting period. RMG exports accounted for 90.11 percent of total exports, comprising 39.48 percent from woven garments and 50.63 percent from knitwear. Country wise RMG exports are shown in Table-1 and Annexure-3.

Table 1: Country wise RMG export in July-September of FY27

(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	2583.46	1335.40	878.37	2213.77	369.69	85.69	14.31
Germany	1215.13	387.30	732.16	1119.46	95.67	92.13	7.87
UK	1366.11	393.61	894.92	1288.53	77.58	94.32	5.68
France	502.48	171.29	276.61	447.91	54.57	89.14	10.86
Spain	1195.05	494.58	650.17	1144.75	50.30	95.79	4.21
Italy	347.42	97.28	218.15	315.43	31.99	90.79	9.21
Belgium	165.33	48.73	80.96	129.70	35.64	78.45	21.55
Netherlands	672.76	236.38	359.29	595.67	77.10	88.54	11.46
Canada	390.22	167.15	181.39	348.53	41.69	89.32	10.68
Sub-Total	8437.97	3331.72	4272.02	7603.74	834.22	90.11	9.89
Others	4615.18	1269.44	1671.98	2941.42	1673.76	63.73	36.27
Total	13053.15	4601.16	5944.00	10545.16	2507.99	80.79	19.21

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 Covid-19, Bangladesh Bank created a BDT 50 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 and 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 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 Pre-finance Fund (EFPF): 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 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 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 million from USD 15 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 million and USD 15 million respectively. (FE Circular No-06, Date April 09, 2023).

6. Conclusions

The Ready-Made Garments (RMG) sector of Bangladesh recorded positive export growth during the first quarter of FY27, with knitwear exports making a notable contribution to the overall expansion. Net export earnings also improved, supported by a moderation in raw material imports. The near-term outlook for the industry therefore remains moderately positive, underpinned by the anticipated recovery in global apparel demand, Bangladesh's competitive position in international markets and continued progress in sustainability and compliance standards.

Nevertheless, the sector continues to face considerable challenges stemming from global economic uncertainty, geopolitical tensions, rising production costs and intensifying competition from other garment-exporting countries. High export market concentration also remains a key vulnerability, while the decline in shipments to several major European and North American destinations during the quarter highlights the concentration of exports performance across markets. Going forward, diversifying export destinations, promoting value-added production and enhancing productivity will be essential to sustaining export growth, improving competitiveness and strengthening the resilience of Bangladesh's RMG industry.

Annexure

Annexure-1: Export of readymade garments (RMG)

(FY21 to FY27Q1**)**

(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
Apr-Jun FY26	12602.79	-	4598.67	-	5499.62	10098.29	36.49	43.64	80.13
FY26	48383.45	-	18221.66	-	20748.06	38969.72	37.66	42.88	80.54
Jul-Sep FY27	13053.15	-	4601.16	-	5944.00	10545.16	35.25	45.54	80.79

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 for RMG [B/]	Net export earnings in RMG	Percentage of Net export in RMG to total RMG Export
1	2	3	4=2-3	
Jul-Sep FY23	9717.95	4984.13	4733.82	48.71
Oct-Dec FY23	10082.08	4110.42	5971.66	59.23
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
Apr-Jun FY26	10098.29	3869.76	6228.53	61.68
Jul-Sep FY26	10545.16	3775.07	6770.09	64.20

[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.

Source: Own calculation of the Research Department staff.

Annexure-3: Destination-wise export earnings of RMG

(Million USD)

Country	Jan-Mar'25	Apr-Jun'25	Jul-Sep'26	Oct-Dec'26	Jan-Mar'26	Apr-Jun'26	Jul-Sep'27
USA	1895.18	1809.61	2002.11	1899.15	1750.05	2146.41	2213.8
Germany	1331.87	1150.36	1119.39	1103.56	1079.94	1108.76	1119.5
UK	1188.64	994.93	1214.45	1031.75	1090.16	1084.99	1288.5
France	555.91	510.54	470.31	519.02	472.25	522.07	447.9
Spain	951.84	747.64	1004.94	828.06	900.25	892.54	1144.8
Italy	400.82	367.11	334.38	412.66	314.93	370.44	315.4
Belgium	107.88	147.16	127.71	142.85	102.15	155.80	129.7
Netherlands	547.78	483.86	545.51	548.07	514.39	576.97	595.7
Canada	322.15	338.23	335.15	345.99	289.29	381.52	348.5
Sub-Total	**7302.07**	**6549.44**	**7153.95**	**6831.11**	**6513.42**	**7239.51**	7603.7
Others	3047.22	2566.20	2771.23	2917.34	2684.38	2858.78	2941.4
Total	**10349.29**	**9115.63**	**9925.18**	**9748.45**	**9197.80**	**10098.29**	10545.2

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