

Quarterly Review of Readymade Garments (RMG): October-December of FY25*



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Highlights

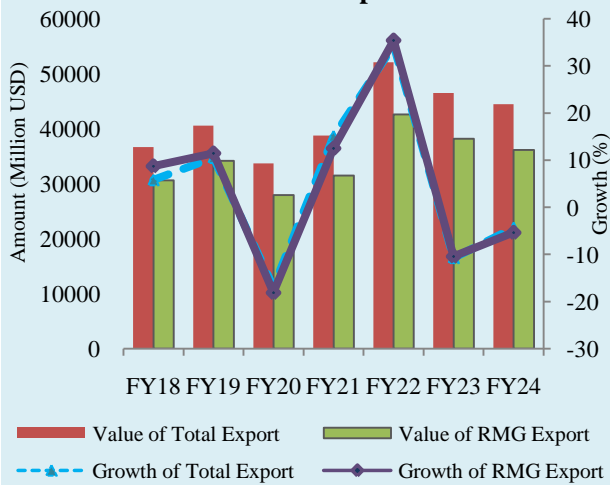
- Total export earnings from Readymade Garments (RMG) stood at USD 10,369.19 million in October-December of FY25 which was 9.01 percent higher than that of the preceeding quarter (USD 9,511.96 million) attributed to rebound of economic activities in advanced economics along with the peak holiday shopping season in Western markets where major US and European retailers typically increase their orders to meet consumer demand.
- United States, Germany, UK, Spain, France, Netherlands, Italy, Canada, and Belgium were the top destinations for Bangladesh's RMG exports during this quarter. From these nine countries, Bangladesh earned USD 7,255.67 million from RMG, accounting for 69.97 percent of total RMG exports.
- In this quarter, RMGs' net export (determined by subtracting RMG raw material import value from RMG export value) was USD 6,329.45 million or 61.04 percent of gross RMG exports.

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1. Introduction:

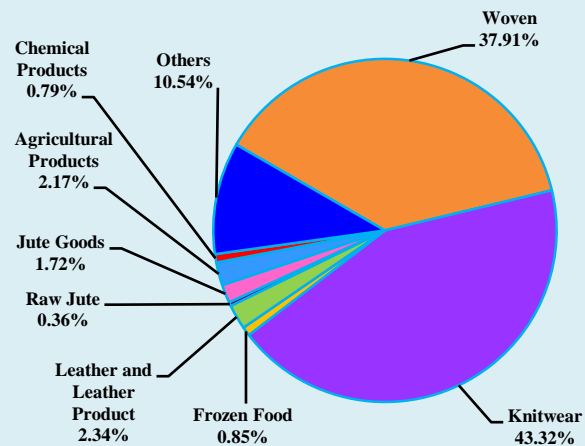
Positive momentum in Ready-Made Garments (RMG) exports continued in Q2FY25 despite labor unrest following the political transition, rising by 9.01 percent to USD 10,369.19 million from USD 9,511.96 million in Q1FY25. This growth was attributed to rebound of economic activities in advanced economics along with the peak holiday shopping season in Western markets where major US and European retailers typically increase their orders to meet consumer demand. However, it was lower than USD 13,596.60 million in Q2FY24. Stemming from global headwinds including inflation, recession risks in key export markets, global supply chain disruptions due to geopolitical tensions, fuel price fluctuations, logistical bottlenecks, shipping delays, raw material shortages, and higher transportation costs. Moreover, the Ready-Made Garments (RMG) sector of Bangladesh remains the primary engine of economic growth, accounting for over 80% of total export earnings and providing employment for millions especially women. Over the years, Bangladesh has established itself as one of the world’s leading apparel manufacturers in the international textile market. The growth of this sector can be attributed to competitive labor costs and a robust supply chain network. In Q2FY25, the RMG export made a significant contribution of 11.68 percent to GDP.

Chart 1: Comparison of Total Exports and RMG Exports



Source: Statistics Department, Bangladesh Bank

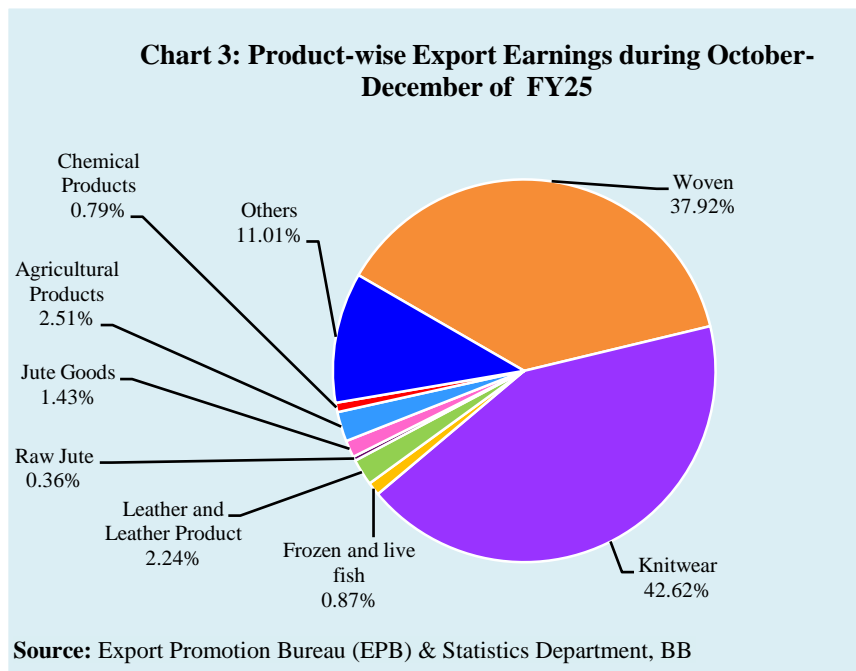
Chart 2: Sectoral Shares of Export Earnings FY24



Source: Statistics Department, Bangladesh Bank

2. Quarterly Decomposition of RMG Export: October-December of FY25

Product-wise shares of export earnings during Q2 FY25 in chart-3 showed that among the RMG items, the contribution of knitwear exports was 42.62 percent and 37.92 percent accounted for woven exports. On the otherhand, among the non-RMG items, leather and leather products accounted for 2.24 percent, agricultural products for 2.51 percent, jute goods for 1.43 percent, frozen and live fish for 0.87 percent, chemical products for 0.79 percent, raw jute for 0.36 percent and other products for 11.01 percent.

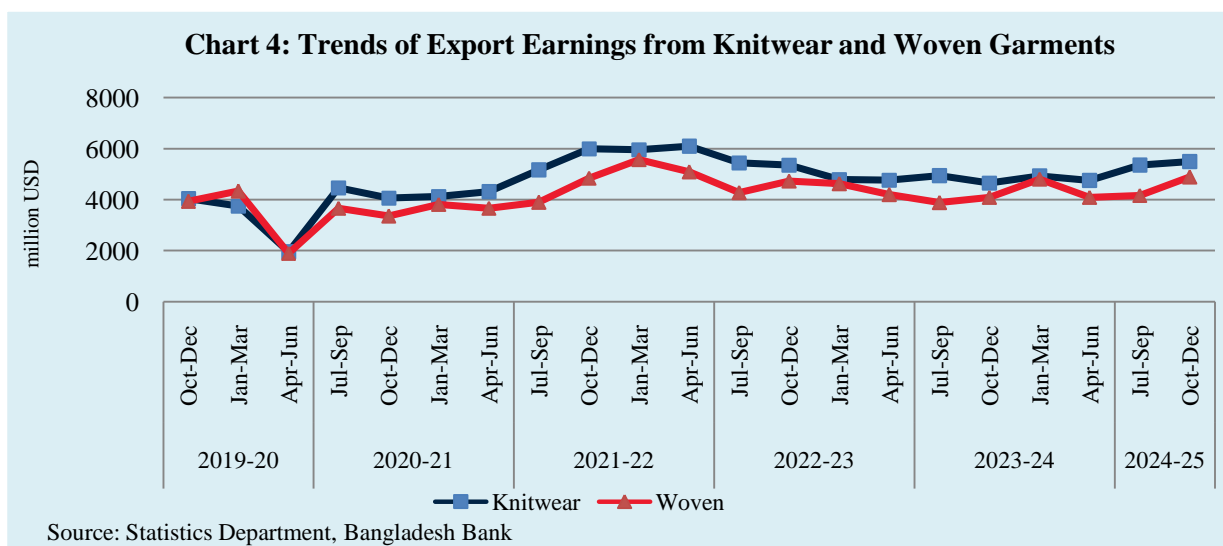


In October-December of FY25, the knitwear and woven garment sectors faced a resilient performance marked by steady export growth amidst domestic political unrest and global economic challenges. However, the sector has been continuing to adapt changing consumer demands and growing focus on sustainability and technological innovation positions for its long-term success.

2.1 Knitwear

In Q2FY25, earnings from knitwear exports rose to USD 5,487.14 million, marking a 2.61 percent increase from the previous quarter (USD 5,347.45 million) and a 17.94 percent rise compared to the same quarter of the previous year (USD 4,652.56 million).

The sector demonstrated resilience in shipments, driven by strong demand from the USA and the EU region.



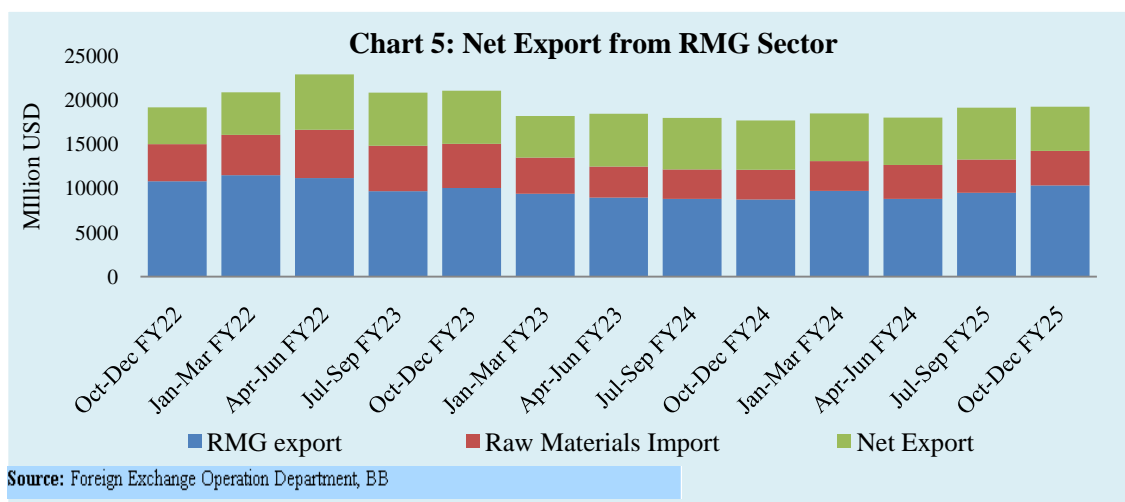
2.2 Woven Garments

Export earnings from woven garments in the second quarter of FY25 stood at USD 4882.05 million indicating 17.23 percent higher than that of the previous quarter (USD 4164.50 million) but 3.45 percent lower than that of the same quarter of the previous year (USD 5056.24 million). Woven garment exports experienced a notable growth led to the resurgence in higher consumer spending in major markets particularly in Europe and the United States. This uptick was influenced by economic recoveries and a renewed interest in apparels. Moreover, a competitive edge through cost-effective production has been maintained that offering a quality woven garments at attractive prices compared to other manufacturing hubs.

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 4039.74 million in October-December of FY25, accounting for 38.96 percent of total RMG export earnings. As a result, net exports from this sector stood at USD 6329.45 million in the second quarter of FY25 which was 12.67 percent higher than that of the preceding quarter (USD 5617.85 million) as well as 17.91 percent higher than that of the same

quarter of the previous year (USD 5367.91 million). The imports of raw materials and net exports based on L/C statements from July-September of FY22 to October-December of FY25 are shown in Chart-5 and Annexure-2 respectively.



4. Destination-wise RMG Exports

The main destinations of Bangladesh’s RMG exports were the United States, Germany, UK, Spain, France, Netherlands, Italy, Canada, and Belgium during October-December of FY25. Total export earnings from these nine countries stood at USD 8053.01 million during this period under report. Out of total export earnings, 90.10 percent (woven 43.26 percent and knitwear 46.84 percent) or USD 7255.67 million RMG exports earnings came from those countries during the period (Table-1). RMG export earnings from these nine countries raised by 7.13 percent to USD 6772.90 million during this quarter compared to the preceding quarter while declined by 8.79 percent compared to USD 7954.77 million in the corresponding quarter of the previous fiscal year respectively (Annexure-3).

Table 1: Country wise RMG Export in October-December, FY25**(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	2293.00	1325.76	663.79	1989.55	303.45	0.87	0.13
Germany	1408.34	508.96	797.46	1306.42	101.92	0.93	0.07
UK	1091.94	389.25	634.17	1023.42	68.51	0.94	0.06
France	675.98	242.21	365.36	607.57	68.40	0.90	0.10
Spain	869.95	366.11	466.33	832.44	37.51	0.96	0.04
Italy	484.11	181.53	269.83	451.36	32.75	0.93	0.07
Belgium	221.74	52.87	101.57	154.44	67.30	0.70	0.30
Netherlands	617.74	231.56	313.90	545.46	72.29	0.88	0.12
Canada	390.21	185.62	159.39	345.01	45.20	0.88	0.12
Sub-Total	8053.01	3483.87	3771.80	7255.67	797.33	0.90	0.10
Others	4823.00	1398.18	1715.34	3113.52	1709.49	0.65	0.35
Total	12876.01	4882.05	5487.14	10369.19	2506.82	0.81	0.19

Source: Statistics Department, Bangladesh Bank.

5. Measures Taken to Facilitate RMG Exports

The government and the Bangladesh Bank have taken 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 support the affected export oriented industries due to Covid-19 pandemic providing with pre-shipment credit to continue export activities for foreign exchange earnings and to obtain economic mobility, Bangladesh Bank has formed a revolving fund worth of BDT 50.00 billion. Export oriented entrepreneurs can take loans from this fund through banks for next five (5) years from 13 April 2020 at 3.5 percent rate of interest and 0.5 percent for banks as refinance facility (BRPD Circular No 8, Date 18 May, 2022).

Incentives for Export Expansion: To encourage the country's export trade, export subsidies or cash incentives have been 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 has been given to export oriented ready made garments (knitwear, woven and sweater) including all small & medium industry of garments sector and 3 percent has been given to help expanding the new items/ new markets for garments sector (excluding the USA, Canada, EU, UK). For the exporters of garments items to EURO Zone an additional 1 percent has given as special incentives with the existing 3 percent. Moreover, special cash incentive has been given to RMG sector with 0.50 percent (FE Circular No-05, Date February 12, 2024).

Green Transformation Fund (GTF): Bangladesh Bank has formed a GTF for refinancing at local currency worth of BDT 5000 crore 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: The export sector is the main spur of economic growth in Bangladesh. 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 has formed the Export Facilitation Pre-finance Fund (EFPF) worth of BDT 10,000 crore with easy terms. Pre-financing facilities can be availed against of 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 get equivalent of the value of imported raw materials or BDT 200 crore (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, 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, it has been decided to reset its ceiling 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 is set at USD 20.00 million and USD 15.00 million respectively. (FE Circular No-06, Date April 09, 2023).

6. Conclusion

The ready-made garment (RMG) sector in Bangladesh demonstrated strong resilience and steady growth during the October-December FY25 driven by increased global demand and production efficiency. Both the knitwear and woven segments contributed significantly to export earnings, reinforcing Bangladesh's position as a key player in the global apparel market. Looking ahead, the significant performance of RMG sector will be reaffirmed during the whole FY25 , setting a positive outlook for the coming years and positioning Bangladesh as a leading apparel exporter on the global stage.

Annexure

Annexure-1: Export of Readymade Garments

(From FY19 to October-December FY25)

(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)
FY'19	40535.04	16539.00	17244.73	16150.00	16888.54	34133.27	42.54	41.66	84.21
FY'20	33674.09	19350.00	14041.19	18850.00	13908.00	27949.19	41.70	41.30	83.00
FY'21	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
FY'22	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
FY'23	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
FY'24	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

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
Oct-Dec FY22	10841.26	4574.91	6266.35 (57.80%)
Jan-Mar FY22	11527.70	5505.17	6022.53 (52.24%)
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%)

^{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 and 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 staff of Bangladesh Bank.

Annexure-3: Destination-Wise Export Earnings of RMG

(Million USD)

Country	Apr-Jun '23	Jul-Sep '24	Oct-Dec'24	Jan-Mar'24	Apr-Jun'24	Jul-Sep'25	Oct-Dec'25
USA	1838.86	1619.04	1650.64	1625.95	1728.28	1852.30	1989.55
Germany	1121.10	1114.57	1047.39	1272.92	1085.03	1161.75	1306.42
UK	936.23	1084.87	945.74	1192.90	973.00	1141.98	1023.42
France	586.81	439.26	539.32	508.06	537.71	482.38	607.57
Spain	791.54	953.76	698.79	933.78	789.50	866.61	832.44
Italy	386.30	325.15	392.56	388.08	355.49	319.87	451.36
Belgium	139.10	116.32	121.06	133.32	146.88	140.32	154.44
Netherlands	361.28	406.44	417.88	479.40	417.66	511.34	545.46
Canada	357.06	264.86	296.35	272.08	326.15	296.35	345.01
Sub-Total	6518.29	6324.29	6109.75	6806.49	6359.72	6772.90	7255.67
Others	2442.58	2495.79	2631.44	2925.54	2477.42	2739.06	3113.52
Total	8960.88	8820.08	8741.19	9732.03	8837.14	9511.96	10369.19

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