

Export growth comes to positive territory but RMG still struggling

In December 2019, Readymade Garments (RMG) export grew only 0.8% YoY while the Jute & Jute goods and Agricultural products grew whopping 53.8% and 31.5% YoY respectively. Surprisingly, Jute, followed by RMG and Agriculture, had the highest contribution to December's export growth.

After experiencing negative export growth for last four consecutive months, Bangladesh registered a positive 2.9% export growth in December 2019. The country's export reached USD 3.52bn in December 2019 from USD 3.43bn in December 2018. Surprisingly, the growth has mainly been driven by Jute & Jute goods export. While RMG grew only 0.8% YoY, the relatively smaller export segments, Jute & Jute goods and Agricultural products, grew staggering 53.8% and 31.5% YoY respectively in December 2019.

Segment-wise export (USD bn)

Particulars	Jul-Dec FY19	Jul-Dec FY20	YoY Change	Dec-18	Dec-19	YoY Change
Total Export	20.5	19.3	-5.8%	3.43	3.52	2.9%
RMG	17.08	16.01	-6.3%	2.9	2.92	0.8%
a) Knitwear	8.65	8.20	-5.2%	1.35	1.39	3.3%
b) Woven garments	8.43	7.81	-7.4%	1.55	1.53	-1.4%
Leather & Leather Products	0.53	0.48	-10.6%	0.1	0.08	-13.2%
Jute & Jute goods	0.42	0.51	21.5%	0.07	0.11	53.8%
Agricultural Products	0.518	0.524	1.2%	0.06	0.08	31.5%

Source: Export Promotion Bureau and national dailies

The following table shows the contribution from the top three drivers of December 2019 export growth.

Top three contributors to export growth

Segment	Contribution to growth
Jute & Jute goods	39%
RMG	23%
Agricultural Products	19%

Source: UCB Research

RMG export in Jul-Nov'19

Country	Export (USD bn)	YoY Change
Bangladesh	15.8	-7.6%
Vietnam	14.8	5.4%
India	5.9	-1.1%
Pakistan	5.8	4.7%

Source: Govt. websites of respective countries

Bangladesh registered negative export growth in August–November 2019 as the country lost competitiveness in RMG export. Although the export earnings achieved a positive growth in December this fiscal year, the issue of declining competitiveness of readymade garment sector still remains. Moreover, December and January are peak months for RMG exports and hence, the benign 0.8% growth in December cannot be termed as a 'turn around' as of now. On the other hand, we do not know whether the significant growth in Jute & Jute goods and Agricultural products came from any one-off or sustainable sources. We need to wait for few months and see how the export earnings from these segments evolve.

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