

# USDA trims Bangladesh's cotton import outlook for third time

## STAR BUSINESS REPORT

The United States Department of Agriculture (USDA) has further lowered Bangladesh's cotton import forecast for the ongoing marketing year (MY) 2025-26, citing reduced use in mills.

Bangladesh is now projected to import 77 lakh bales this MY— 2.5 percent lower than the 79 lakh bales the USDA forecast in March, and the third downward revision since January, when it had projected 80 lakh bales.

"USDA has again lowered Bangladesh's cotton import forecast, most recently on April 6, as energy shortages, weaker garment export orders, higher yarn imports, and financial and logistics constraints have cut spinning activity more than expected," said Md Mohiuddin Rubel, a former director of Bangladesh Garment Manufacturers and Exporters Association.

The revision comes as Bangladesh's readymade garment exports fell 5.5 percent year-on-year in July-March of the MY. Knitwear, the main user of cotton yarn, fell 6.4 percent.

Rubel said the sector remains under pressure from macroeconomic stress, an energy crisis, and subdued global apparel demand, with international buyers pushing down unit prices and eroding margins.

### BANGLADESH'S COTTON IMPORTS AND DOMESTIC CONSUMPTION

In lakh bales; \*forecast MY = marketing year (Aug-Jul)



SOURCE: USDA



Gas pressure in key industrial zones often falls below 2 PSI, leaving many mills running below capacity and importing cotton only against confirmed orders. Concerns over losing trade preferences after graduating from the least developed country status have added to the caution.

The USDA, in two separate reports on cotton published in the second week of this month, did not bring up the decline in exports. However, it said use of the fibre in mills is likely to be 78 lakh bales, down 2.5 percent from its March forecast.

Global consumption of cotton was forecast to rise by nearly 600,000 bales to 11.91 crore bales due to increased demand in China and India.

According to the USDA, world cotton trade for MY26 is forecast to rise 3 percent from a year ago, mainly due to considerable increases in cotton imports by India and China.

"Lower imports for Bangladesh, Pakistan, and Vietnam more than offset higher imports for China and India," it said in a monthly report published last week.

In its latest outlook on cotton and wool released on April 13, the USDA said global cotton imports in 2025-26 are led by Vietnam and Bangladesh, accounting for a combined 35 percent of the total.

China's 2025-26 cotton imports are expected to rise more than 15 percent to 60 lakh bales, helping support its textile and apparel exports to the world market. India's cotton imports are forecast to expand 38 percent to 42 lakh bales in MY26 as back-to-back smaller-than-usual crops have led to higher imports, it added.

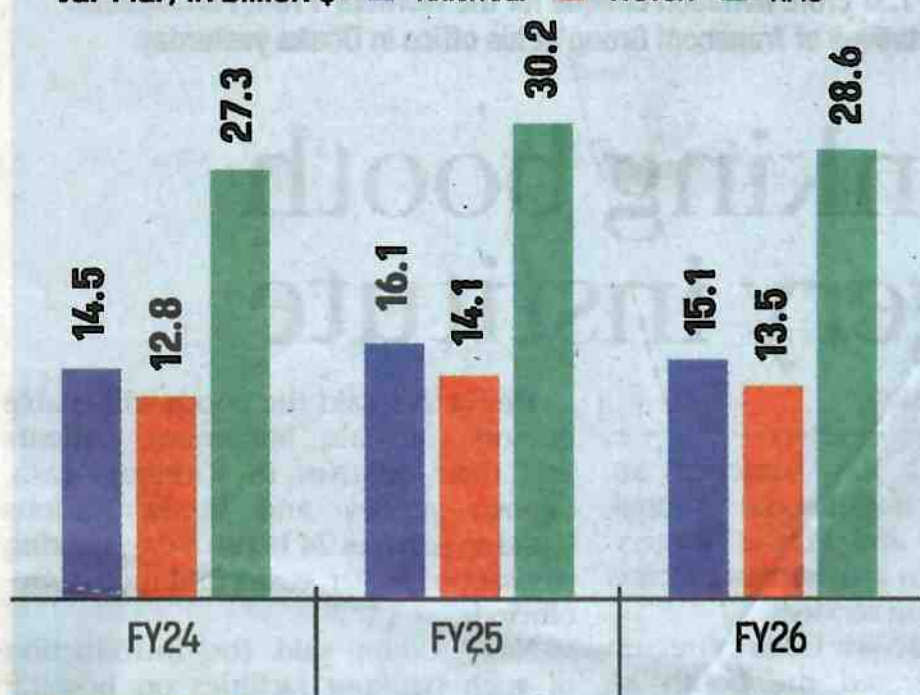


# RMG exports brace for a gathering storm

Unsold inventories push Western buyers towards 10% order cuts while energy shortages disrupt apparel production

## Export receipts from garments

Jul-Mar; In billion \$ ■ Knitwear ■ Woven ■ RMG



SOURCE: EPB

### DEMAND & ORDERS

Work orders may fall 8-10% next season

Weak demand in US, Europe hurting exports

High unsold inventory slowing new orders

### PRODUCTION CHALLENGES

Diesel shortage disrupting factory production



### COST PRESSURES

- Yarn, cotton prices up 17-18% amid war
- Freight and logistics costs rising sharply

## REFAYET ULLAH MIRDHA

Bangladesh's garment sector is going through a period of sustained pressure as the war in the Middle East disrupts production and international retailers scale back orders.

Western retailers are expected to cut apparel orders by up to 10 percent next season, as higher clothing prices dampen demand and unsold stock piles up in stores.

The latest setback is another blow for local manufacturers, who are already dealing with frequent load shedding, rising transport costs and a deepening fuel crunch following the US-Israel war on Iran.

Exporters say the war has already driven up raw material import bills and freight charges for shipments abroad.

The readymade garment sector, which accounts for more than 80 percent of national export earnings, had only just begun to steady itself after reciprocal tariff turbulence.

But now, conditions are combining to create a perfect storm for the readymade garment sector. Many fear the combined effect could lead to a decline in future orders.

Preferring anonymity, a senior official of a leading European buyer said that overall, 8 percent to 10 percent of garment work orders will be cut for the next season as buyers begin placing orders.

He said retailers and brands across the West are still burdened with unsold winter merchandise, while goods for the current season have already arrived. As a result, orders for the next cycle have slowed.

Amid the fuel crisis, the official said freight costs inside Bangladesh have also climbed. The fare of goods-laden trucks plying between Dhaka and Chattogram has risen, despite no official increase in petroleum prices.

Truck operators, citing fuel rationing, have raised per-truck charges to Tk 50,000 from Tk 38,000. On average, he said fares have increased by around 20 percent since the outbreak of the war.

Moreover, factories that depend on diesel generators are facing mounting disruption. Many report delays in getting adequate supplies, while cotton prices have risen, pushing yarn costs up by 17 percent to 18 percent.

"But buyers are reluctant to absorb higher prices," said the official. "The consumers will not pay higher prices during the bad times because of an increase in the cost of production. So, at the end of the year, the overall export growth in the garment sector may be much lower than last year."

Another European buyer, also requesting anonymity, said that the war has slowed down the business and the recovery is still very uncertain.

He added that demand for outerwear in Europe could rise next season as higher energy prices prompt consumers to buy warmer clothing. However, inventories are still elevated.

Ramzul Seraj, managing director of Elite Garments Ltd, which exports to the United States, said demand for garment items in the US has weakened, while factory output

in Bangladesh has been hit by diesel shortages.

Delays in production could force some exporters to use more expensive air shipments to meet delivery deadlines, he added.

Masud Kabir, managing director of Motex Fashion, a Gazipur-based sweater factory, said he receives diesel using a special card introduced by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA). But the supply falls short of covering nearly eight hours of load-shedding.

He can run the factory with the diesel collected from a nearby petrol pump for three and a half hours, he said. As a result, production has suffered.

Anwar Ul Alam Chowdhury, chairman of Evinco Group, said the government is supplying diesel, but factories require larger volumes to operate generators smoothly.

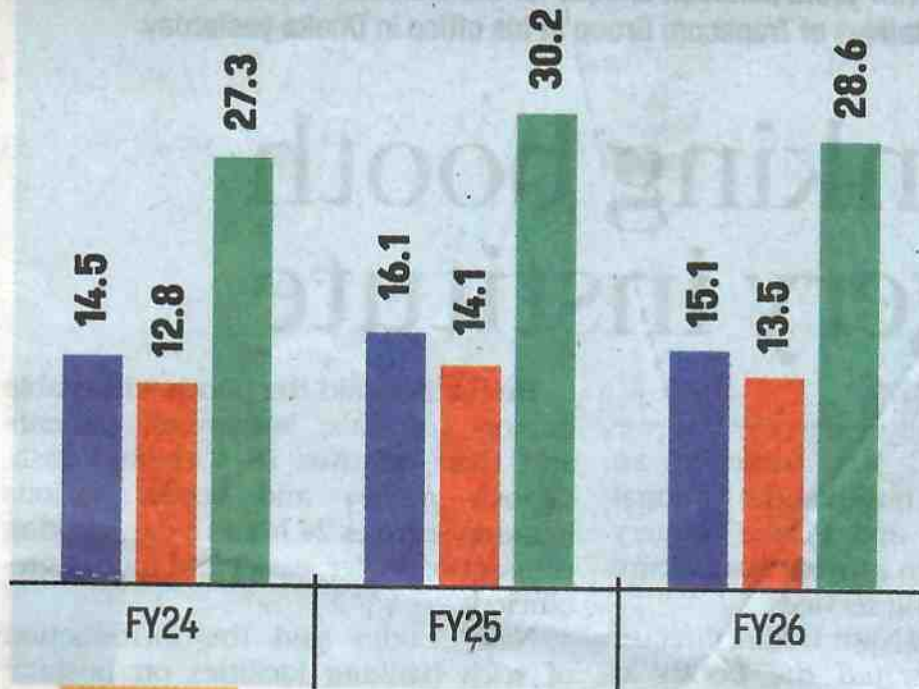
Md Fazlul Hoque, managing director of Plummy Fashions, said inadequate diesel supplies have also disrupted his operations. At the same time, freight charges for sea shipments have increased, along with prices of cotton, yarn and polyester.

The combined effect, Hoque said, is a likely decline in future orders.

Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said some competing countries such as Turkey are expanding exports despite the war, helped by their proximity to Europe and the United States and more reliable energy supplies.

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Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said some competing countries such as Turkey are expanding exports despite the war, helped by their proximity to Europe and the United States and more reliable energy supplies.

He also expressed concern that recurring two-to-three-hour power cuts could lead to greater reliance on costly air freight.

BGMEA Director Faisal Samad said the association is in contact with buyers, urging them to take into account the exceptional circumstances created by the global oil crisis. Since April 13, member factories have been able to access diesel on a priority basis through a special card facility.

"Even so, overall productivity has declined because of insufficient fuel supplies," he said.

BGMEA President Mahmud Hasan Khan said buyers also want factories to keep running as this is a global crisis.



17 APR 2026

# BGMEA seeks policy support amid global challenges

## FE REPORT

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) on Wednesday sought policy support from the government to help sustain the competitiveness of the country's apparel sector amid mounting global economic challenges.

In a meeting with Commerce Minister Khandaker Abdul Muktadir at the Secretariat in Dhaka, a BGMEA delegation led by its president Mahmud Hasan Khan placed a series of proposals, according to a statement.

The apparel apex body called for simplifying import and bonded warehouse policies, particularly to facilitate raw material imports under Free of Cost (FOC) arrangements. It also urged amendments to relevant provisions in the Import Policy (2024-2027). Among other demands, BGMEA sought withdrawal of the existing 10 per cent income tax deduction on cash incentives to boost garment exports.

It also called for steps to normalise trade relations with India and remove barriers to yarn imports and exports through land ports. The association further proposed incorporating its recommendations into the

amendments to the import policy and urged automation of criteria for granting Commercially Important Person (CIP) status to industry entrepreneurs.

During the meeting, BGMEA leaders highlighted multiple challenges facing the sector and stressed the need for stronger policy support to ensure sustainable growth.

Quoting Mahmud Hasan Khan, the statement said global economic instability, the impact of the Middle East conflict, and local gas and power

shortages are severely disrupting production in the apparel industry.

"Rising raw material prices and increasing production costs have further exacerbated the situation," he said, adding that a business-friendly environment and robust policy support are crucial for maintaining global competitiveness.

The meeting also discussed the activities of the RMG Sustainability Council (RSC) and its role in addressing future industry challenges. The commerce minister assured the delegation that the government would provide necessary policy support to help the sector overcome current challenges and sustain Bangladesh's position in the global market.

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RMG FACTORIES IN ASHULIA, GAZIPUR INDUSTRIAL BELTS

# Energy crisis cuts production capacity by 25-30pc: BGMEA

MONIRA MUNNI

The ongoing energy crisis is severely affecting garment production and shipments from factories, especially those located in the Ashulia and Gazipur industrial belts, industry insiders say. They claim that the production capacity of the factories has decreased by 25-30 per cent due to the lack of required gas and electricity.

Readymade garment (RMG) sector leaders on Monday held a meeting with the energy minister and called for uninterrupted energy supply. They also requested cooperation in resolving the existing gas and electricity crises in the industry and expanding renewable energy to continue production in the RMG sector.

A delegation of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) led by its President Mahmud Hasan Khan met Power, Energy and Mineral Resources Minister Iqbal Hasan Mahmud and State Minister Anindya Islam Amit.

They presented their demands at the meeting. Energy Secretary Mohammad Saiful Islam and BGMEA vice-

presidents Selim Rahman and Mizanur Rahman were also present in the meeting. The BGMEA said the factories located in the main industrial belts of Ashulia and Gazipur on average need 400-450 litres of diesel to run generators during load-shedding of up to four hours. It recently asked its member factories to provide the daily requirement of diesel to run generators during power cuts of up to four hours in order to continue production. Some 266 factories informed the trade body that they would need about 2,64,174 litres of diesel daily if there were four hours of load-shedding on average. At the meeting, the BGMEA president said though buyers had regained confidence

after the national elections, the global market was again facing challenges due to the Middle East war.

The garment industry was in a fragile situation due to the energy crisis caused by the war at a time when neighbouring countries were ahead in energy security, he noted.

"The production capacity of factories has declined by 25-30 per cent as factories are not getting the required gas and electricity," he said. Production and shipments were being severely disrupted due to the lack of sufficient diesel to run generators, especially in the industrial areas in Gazipur and Ashulia, during load-shedding, he added.

The BGMEA leader further

said the overall production cost had also gone up due to the increase in the prices of raw materials and the cost of transporting goods caused by the energy crisis.

Talking to The Financial Express, BGMEA Vice President Mizanur Rahman said a factory needed 400-450 litres of diesel daily to run generators as it faced four to five hours of load-shedding during working hours.

He said they had sought the government's support so that factories would get uninterrupted energy supply. The BGMEA delegation made a number of proposals in this regard, including ensuring the prompt supply of diesel

## ENERGY SHORTAGE PARALYSES APPAREL UNITS

### Key points

- Ashulia, Gazipur factories severely affected
- Daily diesel need
  - ▶ 400-450 litres per factory
  - ▶ for 4-5 hrs of power cuts
- 266 factories need 2,64,174 litres of diesel daily



### Impacts

- Production capacity falls 25-30%
- Overall production costs rise
- Middle East war adds to woes

### BGMEA demands

- ▶ Uninterrupted gas, power supply
- ▶ Special diesel supply arrangement
- ▶ Install 2 more FSRUs quickly
- ▶ Reduce taxes, VAT on imported fuel

to garment factories from filling stations under special arrangements.

Mizanur said the minister had assured them of introducing fuel cards so that factories could buy diesel from the designated filling stations in their nearby areas.

The trade body's other demands included providing emergency gas connections, especially for small and medium-sized factories and those having boiler capacities ranging from 300kg to 500kg, and supplying gas on an equal basis to all industries located in the industrial belts on the outskirts of Dhaka. It also requested installing at least two additional floating storage and regasification units (FSRUs) within the shortest possible time and facilitating the process of installing electronic volume corrector (EVC) metres in the industrial sector.

The BGMEA proposed reducing production costs and cutting the government's subsidy burden by withdrawing all types of taxes and VAT on imported fuel at the import and consumer levels. Emphasising renewable energy, it called for special duty concessions on the import of solar PV system equipment and proposed reducing the existing high duty (ranging from 28.73 per cent to 61.80 per cent) on essential equipment like solar panels, inverters, DC cables, and battery energy storage system (BESS) to 1.0 per cent.



# Bida starts mapping industries to drive smarter regional growth

INDUSTRY - BANGLADESH

JAHIR RAYHAN

The Bangladesh Investment Development Authority (Bida) has undertaken an initiative to map industries by district and sector as part of efforts to bring the country's industrialisation under a region-based planning framework within the next six months.

The initiative aims to identify investment opportunities, improve infrastructure planning, and support data-driven policymaking.

Nahian Rahman Rochi, executive member and head of business development at Bida, told The Business Standard that the organisation has begun work on creating a comprehensive industrial mapping of the country.

"We have taken an initiative to carry out sectoral or industrial mapping across the entire country. Through this, we will determine which industries are most suitable for which regions," he said.

"Our target is to complete the work within the next six months. Through this mapping, we will also identify

► Mapping to identify investment zones, improve infrastructure planning.

► Data-driven framework to guide industrial policy, investment

► Industries to be matched with suitable regional locations

▼ Focus on agro-processing, manufacturing, export, tech sectors

▼ Initial database expected for investor access within six months

which sectors can be prioritised to develop industrial hubs in different regions, including northern Bangladesh."

Nahian added that the Maheshkhali Integrated Development Authority (Mida) is also planning to introduce several policy measures in the blue economy sector.

Officials involved in the initiative say the mapping exercise will help develop a region-based industrialisation strategy for Bangladesh.

The effort is expected to provide clear direction on which regions are most suitable for different types of industries – including agro-based manufacturing, heavy industries, export-oriented sectors and technology-driven businesses.

According to Bida sources, the mapping will integrate data on existing economic zones, export processing zones (EPZs), hi-tech parks, and potential new industrial areas.

This will help investors easily identify suitable sectors, available land, infrastructure facilities and policy incentives in specific regions.

The government has recently been placing greater emphasis on sector-specific investment strategies to attract foreign and domestic investment.

Alongside the ready-made garment sector, priority is being given to industries such as pharmaceuticals,

leather, agro-processing, information technology and the blue economy.

Plans are also under consideration to introduce targeted policy support for blue economy activities, including deep-sea fishing, mariculture, and export-oriented marine processing industries.

At the same time, the government views improvements in infrastructure, port modernisation and a reliable energy supply as essential conditions for sustained industrialisation. Bida officials said the industrial mapping project forms a key part of a 180-day action plan.

The plan was presented last month on 14 March to Prime Minister Tarique Rahman during a meeting by Bida Executive Chairman Ashik Chowdhury.

Within this timeframe, Bida aims to establish an initial framework and develop a usable database that investors can access to understand sectoral opportunities across different regions of the country.

