STAR

Sustainable Textiles of the Asian Region

The STAR Network proudly presents our

Quarterly Roundup

Q3 2025

A snapshot of key developments & trends across the Garment & Textile industries of the STAR member countries

FOREWORD

Mr. Fazlee Shamim Ehsan

Chairman, STAR Network

Dear friends of the STAR Network. We are happy to share with you our latest quarterly roundup! This is a product of collaboration of the 9 STAR association in knowledge sharing, and crucial dialogue. Together, we continue to build stronger connections for a stronger STAR.

Dr. Xiaohui Liang

Vice-Chairman, STAR Network

The Quarterly Roundups of the STAR Network is a testament to the interconnectedness of STAR members, and highlights what is possible when we all work together as one. STAR is proud to present this report as the first of many more knowledge product to come. Together for a united textile and garment industry!

EDITOR'S NOTE

Mr. Sovichea "Vic" Saron

Head of Secretariat, STAR Network

Dear readers, the STAR Network is honoured to share with you our newest Quarterly Roundup. This report underlines the soft power of knowledge sharing, and lays foundations for real collaboration towards change. Because pursuing sustainability in our increasingly polarized world means being resilient, being informed, and more importantly, being connected.
I hope you find this report informative, and comprehensive.

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EXECUTIVE SUMMARY

Q3 2025 was a defining quarter for Asia's garment and textile industries, marked by volatility yet underpinned by resilience. Across the STAR Network, manufacturers and policymakers navigated shifting trade realities, climate disruptions, and cost pressures through swift adaptation and renewed focus on sustainability.

While U.S. reciprocal tariffs created uneven headwinds, coordinated diplomacy, diversified export strategies, and targeted skills investments helped member countries stabilize production and safeguard jobs. The quarter highlighted a regional shift — from reactive adjustment to proactive modernization — as Asian supply chains leaned into innovation, renewable energy, and value-added production.

Key Takeaways

Trade Resilience and Export Growth

Despite tariff turbulence, most STAR economies maintained positive export momentum. Cambodia's GFT exports surged +19 % YoY; Vietnam expanded +13.5 %; Pakistan's textile exports rose +10 %; and Bangladesh reached a 32-month high. Even Myanmar, under 40 % U.S. duties, sustained shipments by pivoting to EU and ASEAN markets — reaffirming Asia's adaptability and global relevance.

Employment Stability through Skill and Flexibility

Across Cambodia, Bangladesh, Vietnam, and Pakistan, factories prioritized job preservation through redeployment, retraining, and digital wage systems. Partnerships such as BKMEA × Swisscontact's PROGRESS and BYETS programs and Pakistan's quality-assurance upskilling drives are preparing a more capable, future-ready workforce.

Policy Agility and Public-Private Alignment

Governments and industry bodies acted swiftly to cushion export sectors. Bangladesh extended export incentives; Pakistan advanced a five-year Textiles & Apparel Policy and provincial textile-park programs; Cambodia negotiated tariff clarity and pushed industrial upgrading. These policy moves underscored a shared regional playbook — agility, coordination, and engagement with buyers as strategic assets.

Wages, Compliance, and Fair-Pricing Pressures

Wage adjustments were visible across multiple markets — from Bangladesh's BDT 12,500 baseline and Cambodia's US $210 (2026) revision to continued wage hikes across China's provinces. Yet associations like BGMEA flagged widening gaps between rising labor costs and stagnant buyer pricing, sparking stronger calls for equitable cost-sharing and responsible sourcing across global supply chains.

Sustainability and Energy Transition Gain Momentum

Cleaner production, circular-textile pilots, and renewable-energy adoption accelerated across the region. China expanded renewable electricity to 23 % of industrial use, Bangladesh advanced rooftop solar and circular trade missions, and Cambodia launched pilot projects on waste and resource efficiency. These parallel efforts demonstrate a clear pivot toward a lower-carbon, higher-value future.

U.S. Reciprocal Tariffs

The third quarter of 2025 reshaped Asia's trade footing with the United States through the introduction of new reciprocal tariff structures across key sourcing nations. While the measures initially stirred uncertainty, the period ultimately showcased the region's ability to adapt quickly and pragmatically.

Cambodia and Bangladesh emerged as examples of constructive engagement, securing moderate tariff levels (19–20 %) that preserved export continuity. Vietnam and Pakistan demonstrated policy agility, launching diversification drives and investment promotion to offset tariff impacts. Myanmar faced the steepest increase (40 %) while serving alternative markets within ASEAN and Europe to sustain operations. China, already adapting to multi-layered tariffs, used the period to accelerate automation and compliance upgrades, reinforcing its position in higher-value segments.

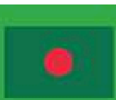
The key takeaway for regional manufacturers is that clarity, compliance, and diversification are now the three pillars of trade resilience. Factories and federations that proactively document origin, engage buyers transparently, and invest in market expansion will continue to find opportunity even in a more complex tariff era. As the fourth quarter approaches, most STAR Network members are entering with stable policy clarity, stronger export pipelines, and renewed investment confidence. Rather than weakening Asia's role in global supply chains, the tariff realignment has reinforced a shared regional determination to compete through quality, compliance, and innovation.

Country	Tariff Rate	Status
Cambodia	**19%**	After negotiations, Cambodia secured a 19% reciprocal U.S. tariff rate from 1 August 2025, replacing earlier higher figures. (Reuters)
Vietnam	**20%** (General) **40%** (Trans-shipped goods)	The U.S. announced a 20% tariff rate effective 7 August 2025, plus a 40% duty on goods transshipped via Vietnam. (Vietnam Briefing)
Myanmar	**40%**	On 7 July 2025 the U.S. announced a 40% tariff on Myanmar-origin goods, effective 1 August 2025. (US-ASEAN Business Council)
China	**10% (baseline) + 34% (country-specific, delayed)**	According to China–Briefing, China's reciprocal tariff rate is delayed, however the baseline 10% applies (after adjustments) under the 2025 policy. (China Briefing)
Pakistan	**19%**	After earlier higher rates, Pakistan negotiated a 19% reciprocal tariff for its exports to the U.S., as noted in Aug 2025 commentary. (Pakistan Textile Council)
Bangladesh	**20%**	Bangladesh secured a reduction to 20% from initially proposed higher levels, effective August 2025. (The Business Standard)

Regional Energy Landscape

From our latest STAR Renewable Energy Position Paper, the STAR member countries exhibit a diverse array of energy landscapes, characterized by varying levels of installed capacity, energy mix, and consumption patterns.

The following table provides a snapshot of key energy indicators, including total installed capacity, energy mix, and electricity generation.

Indicators/ Countries						
Total Installed Capacity (MW)	24,911 (2023)	4,649 (2023)	2,920,000 (2023)	7,100 (2022)	42,931.83 (2023)	80,555 (2023)
Total Electricity Generation (GWH)	88,450 GWh	16,751.29 GWh	8,909,000 GWh	17,319 GWh	129,473.20 GWh	271,679 GWh
Generation Mix (%)	Coal: 10.81% Furnace oil: 26.06% Natural gas: 45.65% Power Imports: 10.66% Solar: 1.84%	Coal: 27.96%, Fuel oil: 10.06% Hydro: 38.52% Solar: 9.39% Fuel oil: 8.60% Biomass: 1.05%, Imports: 14.45%	Hydro: 14.4%, Nuclear: 1.9%, Solar: 20.9% Thermal: 47.6%, Wind: 15.1%,	Coal: 2% Natural Gas: 50% Hydro: 45% Solar: 3%	Hydro: 18% Nuclear: 20% Thermal: 58% Renewable: 4%	Coal: 33% Gas: 9% Hydro: 28% Oil: 1% RE: 27% Import: 1.2% Diesel and others: 0.2%

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Quarterly Roundup

Bangladesh

বাংলাদেশ

Q3 2025

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Country Profile

Bangladesh is a global leader in garment manufacturing, with the sector forming the backbone of its export economy and employing millions. Known for its competitive labor costs and extensive manufacturing base, the country has built a reputation for producing a wide range of apparel products for major international brands. The garment industry drives economic growth and social development, particularly empowering women through employment opportunities. Challenges include maintaining compliance with evolving international labor and environmental standards, improving supply chain sustainability, and navigating trade policy shifts. Bangladesh continues to invest in infrastructure and skills development to enhance productivity and retain its position in global apparel value chains.

Population
National Population as of 2025:
~175 Million

Median Age (Years)
26.0

Minimum Wage
Approx. USD 105

Key Sectors
Key Pillars of the Economy:
- Garments
- Textiles
- Agriculture

Garment & Textile Export (USD)
38.48 Billion (2024)
2nd largest global apparel exporter

Total Workforce in GFT
~4 Million

% Women in Workforce
~60%

Top Export Destinations

Key Trade Agreements
Notable Trade Agreements include:
EU EBA | SAFTA | APTA | BB-PTA

Installed Capacity
~25,000 MW

Energy Cost (US Cents/kWh)
~6 - 10 Cents / kWh

U.S. Reciprocal Tariff
20%
Effective August 1st, 2025

GDP (USD)
450.12 Billion (2024)

GDP Growth Estimate (%)
3.9% (2025)

Politics

Bangladesh secures a 20% U.S. reciprocal tariff

In early August Q3 reporting confirmed Dhaka negotiated a 20% reciprocal tariff rate on most exports to the United States, significantly lower than earlier proposals; the outcome was framed in Q3 as a stabilising political result for RMG exporters that provided a concrete duty baseline for contracts and cash-flow planning. *Reuters*

Government signs multi-year wheat import deal with the U.S.

In July (Q3), Bangladesh signed an agreement to import U.S. wheat (reported in Q3 media) — a political/diplomatic step framed publicly as part of broader trade and diplomacy with Washington amid tariff negotiations and was referenced in Q3 trade policy narratives. *Reuters*

Widespread industry concern about potential job losses and political attention

Q3 reporting in July documented strong sector concern (and public commentary by industry bodies) about the risk of jobs lost if tariffs materialised at higher levels; the political salience of employment in the garment hubs was therefore a central Q3 theme in Dhaka's public and private deliberations. *Reuters*

Government confirmed continuation of cash export incentives into FY2025-26

In early July (Q3) the government announced continuation of existing cash incentives for a set of export categories in the first half of FY 2025–26 — a Q3 policy choice that exporters cited in quarter-end financial planning and order fulfilment calculations. *The Business Standard*

Exports

Bangladesh retains 2nd spot in world apparel exports in 2024; position reaffirmed in early 2025

On 9 Jul 2025, articles cited World Trade Organization data showing Bangladesh exported US$38.48 billion in apparel in 2024, holding ~6.9 % of the global market and reaffirming its second-largest exporter status. While this is a legacy figure, it framed Q3 2025 discussions about export competitiveness and trajectory. The Daily Star

Government sets ambitious FY2025-26 export target: USD 63.5 billion

The government announced an elevated export target for FY2025-26, signalling a strong policy commitment to support the RMG and broader export sector through trade facilitation and market promotion measures. This gives federations and exporters a clear policy ambition to align strategies and investment plans. Source: *(TBS News)*

Jul–Aug 2025 RMG two-month total shows resilient growth despite August dip

BGMEA monthly data show strong July performance and a narrower August contraction; the pattern indicates seasonality plus temporary order reallocation rather than systemic collapse. Suppliers should use July liquidity and EU demand signals to stabilise operations into Q4 peak season. Source (BGMEA export dashboard): (BGMEA)

Factory openings continue even as closures occur — industry churn suggests consolidation and renewal

Over the 15-month window to Mar 2025, 128 new RMG units opened while closures continued; this mix points to industry churn where more competitive, compliant and higher-value factories expand while weaker units exit — an opportunity to reallocate capacity to more sustainable operators. Source: (Bizbdreview)

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Employment

RMG remains a major employer; export gains underpin workforce demand

The sector's export momentum and factory openings mean continued demand for production workers and mid-level technical staff; federations can support member firms by coordinating recruitment and short-training modules. Source: *(Apparel Resources)*

BKMEA emphasises labour discipline amid global and domestic challenges

In a dialogue at its office in Narayanganj on 16 July 2025, the BKMEA President highlighted that maintaining labour discipline is crucial for employment stability and competitiveness in the RMG sector, pointing to global trade pressures, U.S. tariff risks and internal challenges. The statement underscores the tie between workplace practices and job continuity. Apparel Resources

Bangladesh Strengthens Labor Standards with New ILO Ratifications

Bangladesh has ratified three more ILO conventions in October 2025—the Occupational Safety and Health Convention (No. 155), the Promotional Framework for Occupational Safety and Health Convention (No. 187), and the Violence and Harassment Convention (No. 190)—becoming the only South Asian country to have ratified all 10 fundamental ILO conventions. The Daily Star

Swisscontact and BKMEA partner for RMG skills-development

The BKMEA signed an MoU with Swisscontact on 10 July 2025 to launch three flagship initiatives — PROGRESS (green growth & skills), InSPIRE (resource efficiency) and BYETS (youth employability through skills) — with a focus on upskilling women and youth in knitwear factories across Dhaka, Narayanganj, Gazipur and Chattogram. This collaboration directly addresses workforce readiness, an employment-relevant dimension for the sector. New Age

BGMEA calls for reconsideration of new labour ordinance, warns of risks to industry stability and investment

BGMEA President Mahmud Hasan Khan publicly urged the government to review the Bangladesh Labour (Amendment) Ordinance 2025, cautioning that its provisions (e.g., allowing unions of 20 workers, expanding "worker/officer" definitions) could disrupt factory management, production discipline and ultimately employment stability in the export garment sector. Although dated 28 October 2025, it reflects labour-market and employment risk themes relevant to the BGMEA's Q3 environment. The Business Standard

BKMEA and STITCH Launch Comprehensive GBV Prevention Guideline

The BKMEA, in partnership with the STITCH program—a consortium including Fair Wear Foundation, Ethical Trading Initiative (ETI), and Mondiaal FNV—has introduced a Learning and Monitoring Guideline on Gender-Based Violence (GBV). Piloted in 50 member factories, the initiative provides workers with training on harassment prevention, complaint mechanisms, and remedies, promoting safer and more equitable workplaces across the knitwear sector. The Business Standard

Wage

RMG Sector Minimum Wage at BDT 12,500 (~US $113) Since December 2023

Bangladesh's minimum wage in the ready-made garment sector was revised to BDT 12,500 (USD 113) in December 2023, marking a 56 percent rise from the 2018 level. The increase reflects government and industry efforts to address workers' welfare while sustaining global buyer confidence. However, manufacturers continue to face significant challenges from higher input prices, exchange-rate volatility, and compliance costs. While the sector remains competitive regionally, factory owners emphasize that regular, data-driven wage adjustments should consider both living standards and export-market conditions to safeguard employment and investment stability. Fair Labor Association

BGMEA Flags Pricing Gap as Global Brands Resist Passing on Wage Increases

The BGMEA has strongly alleged that many global brands and retailers have not increased the purchase prices of apparel products despite bearing witness to substantial wage hikes and new compliance-cost burdens within Bangladesh's ready-made garment sector. At a press conference, BGMEA President Md Atiqul Islam noted that while brands continue to demand higher labor standards and worker wages, they refuse to adjust their pricing and in some cases are even cancelling orders for factories that are located in shared or rented buildings—an asset class which employs roughly 1.5 million workers. From the federation's vantage, this development raises serious questions around supply-chain fairness and cost-sharing transparency, as manufacturers absorb rising labour, utility and safety costs without matching support from buyers, shifting significant financial pressure onto local suppliers. fashionatingworld.com

Other/Legal

BKMEA Develops GRI-Certified Sustainability Expertise for Members

BKMEA has developed a pool of six GRI Certified Sustainability Professionals to offer sustainability reporting consultancy services to its member factories. Initially, the team will prepare sustainability reports for five factories, with plans to expand coverage in the future. Supported by Solidaridad Network Asia, the initiative underscores BKMEA's commitment to advancing responsible business practices and global reporting standards in Bangladesh's RMG sector. BKMEA

Bangladesh Garment Sector Advances in Renewable Energy

Bangladesh's ready-made garment industry is increasingly adopting renewable energy solutions to enhance sustainability and competitiveness. Several factories have installed rooftop solar systems, collectively generating several megawatts of clean electricity, reducing reliance on fossil fuels and stabilizing energy costs. Programs such as InSPIRE and support from international buyers are helping manufacturers access technical expertise and financing for energy-efficient upgrades, including LED lighting, heat recovery systems, and optimized machinery. While the national grid remains largely fossil-fuel-based, these initiatives demonstrate the sector's commitment to reducing carbon emissions, meeting global buyer sustainability expectations, and positioning Bangladesh as a regional leader in green garment manufacturing. bdnews24.com tbsnews.net, 2025

Bangladesh Garment Sector Embraces Circular Economy in BGMEA-Led Trade Mission to the Netherlands

A delegation from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) led a trade mission to the Netherlands from 8-11 September 2025 under the theme "Together for a Circular Fashion Tomorrow," focusing on textile waste management, recycling technologies and closed-loop production systems. BSS The mission, in collaboration with the Netherlands Enterprise Agency (RVO) and the Dutch Embassy in Dhaka, engaged major recyclers and innovation hubs such as Saxion University's Circular Textile Lab and companies like Brightfiber Inside and SaXcell, gaining hands-on insights into fabric recycling and traceability. This initiative signals Bangladesh's readiness to align its garment industry with global sustainability standards, presenting an opportunity for manufacturers to differentiate through innovation, enhance export-market credentials and future-proof operations against rising environmental expectations.

Fire incidents & logistics disruptions underline supply-chain fragility

A major fire broke out on 18 October 2025 at the import-cargo complex of Hazrat Shahjalal International Airport in Dhaka, disrupting Bangladesh's garment exports at a critical peak season. The blaze damaged storage areas containing raw materials, finished goods, and product samples, forcing temporary suspension of cargo operations and delaying shipments from hundreds of factories that rely on daily air exports. According to the BGMEA, the fire threatens delivery schedules, buyer confidence, and contractual obligations, highlighting the sector's vulnerability to logistics disruptions. For manufacturers, the incident underscores the importance of diversifying shipment routes, improving contingency planning, and strengthening crisis-management measures to maintain supply chain reliability in Bangladesh's export-driven garment industry. Reuters

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China

中国

Q3 2025

Country Profile

China is the world's largest textile and garment producer and exporter, with a highly diversified and vertically integrated industry. It supplies a broad spectrum of products ranging from basic apparel to high-end fashion, supported by advanced manufacturing technologies and extensive domestic raw material production. The sector benefits from a vast skilled workforce and strong infrastructure but faces rising labor costs and environmental regulations. China is shifting towards higher value-added products and sustainable manufacturing practices, while also expanding its global trade partnerships. Its garment industry plays a crucial role in global supply chains, balancing cost competitiveness with innovation and quality.

Population
National Population as of 2025:
1.43 Billion

Median Age (Years)
40.1

Minimum Wage
USD 250-400

Key Sectors
Key Pillars of the Economy:
Electronics
Garments
Services

Garment & Textile Export (USD)
301.1 Billion
(2024)
The largest global apparel exporter

Total Workforce in GFT
+10 Million

% Women in Workforce
~50-60%

Top Export Destinations

Key Trade Agreements
Notable Trade Agreements include:
RCEP | CAFTA | Bilateral FTAs

Installed Capacity
~3,200,000 MW

Energy Cost (US Cents/kWh)
7.5 Cents / kWh

U.S. Reciprocal Tariff
10% (Baseline)
+ 34% (Delayed)

According to China–Briefing, China's reciprocal tariff rate is delayed, however the baseline 10% applies (after adjustments) under the 2025 policy. (China Briefing)

Combination of multiple tariffs; effective rate on most goods is above 30%.

GDP (USD)
18.74 Trillion
(2024)

GDP Growth Estimate (%)
~5.0% (2025)

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Politics

U.S.–China tariff truce extended for another 90 days

In Q3 Beijing and Washington agreed to extend the tariff truce through mid-November, a political development that temporarily reduced the risk of immediate duty escalations and influenced exporters and buyers in apparel and input supply chains during August–September. *Reuters*

Premier's public emphasis on stimulating domestic consumption

In mid-August the Chinese premier and State Council statements in Q3 reiterated measures to "boost consumption" and protect livelihoods — a domestic demand stimulus theme that policymakers promoted during Q3 to offset external demand volatility affecting manufacturers, including textiles. *Reuters*

Guangzhou (GBA) tax/subsidy programme application window opened

In Q3 local-government policy activity such as Guangzhou's GBA IIT subsidy application launch was publicised; the measure formed part of Q3 political/economic signals aimed at attracting talent, stabilising investment and supporting manufacturing and services around key clusters. These local incentives were referenced by firms weighing investment and talent decisions in Q3. China Briefing

Central policy packages and measures to expand service consumption announced

In mid-September Q3 policy releases (State Council/SCIO coverage and Reuters reporting) outlined new measures to open and stimulate the services sector—an indirect political signal relevant to textile and garment producers because consumer-service recovery affects domestic demand, wholesale trade and logistics that many exporters monitor. Reuters

Exports

Textile & apparel exports remain broadly stable despite U.S. tariff pressure

According to July 2025 reporting, China's textile exports increased ~1.8% in the first half, while apparel exports held nearly flat (~–0.2%)—showing resilience in a challenging environment. This demonstrates that scale and diversification can help mitigate external shocks. Source: (Apparel Resources)

Chinese refined-cotton exports show regional gains despite overall decline

A late-October report noted that while China's refined cotton exports fell ~15.7% Jan–Sep 2025, exports from the Jiangsu region rose ~49.4%. As raw-material flows underpin garment/textile supply-chains, these regional variations in Q3-adjacent data provide insight into input-side dynamics. ChinaTexNet

China redirects clothing exports to Europe after U.S. tariffs upset trade

A 6 Oct 2025 FT article reported that Chinese textile and clothing exports to the EU rose ~20% in the first half of 2025 as manufacturers refocused away from the U.S. due to tariffs. This diversion of trade flows in Q3 environment is relevant for global supply-chain decision-making in apparel sourcing. Financial Times

Exports to the EU and Japan gained traction as U.S. exposure reduced

Q3 market intelligence reports show China increasing textile shipments to Europe and Japan — a positive indication that exporters are leveraging alternative geographies to sustain volumes. Members should consider how this pivot affects competition, sourcing, and buyer portfolios. Source: (Apparel Resources)

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Employment

Factories cut shifts and workers' pay as U.S. tariffs bite

In August 2025 multiple industrial reports documented Chinese factories reducing overtime and cutting temporary pay in labour-intensive export segments (including textiles and apparel) in response to falling orders and tariff pressure, signalling rising underemployment in Q3. The story emphasised the immediate wage-management actions factories took in Q3. Reuters

Regional factories pivoting production — employment shifts from low-skill to technician roles

Several Q3 reports highlighted that factories in coastal provinces were investing in automation and up-skilling, which in Q3 translated into recruitment for technician and maintenance roles even as simple sewing roles saw reduced overtime — a structural employment shift visible during the quarter. Apparel Resources

China Rolls Out Local Support to Stabilize Export-Sector Employment

In the third quarter of 2025, Chinese local authorities intensified efforts to stabilize the labor market against slowing exports, rolling out short-term support measures for affected workers and companies. These policies, publicized in August and September, included raising unemployment insurance refund rates for micro, small, and medium-sized enterprises to as much as 90% of previous year's premiums to encourage job retention. Additionally, the government offered targeted one-time subsidies to firms hiring unemployed youth and expanded access to vocational training and job-matching services to help workers, particularly those from export-reliant manufacturing sectors, transition into new roles. Reuters

Regional labour-market pressure remains despite export stability

Even though overall export numbers held stable, firms in labour-intensive segments noted margins under pressure and fewer new hires in Q3 — signalling that employment growth is not automatic. Members should plan workforce strategies aligned with evolving product mix and margin dynamics. Source: (Qima)

Wage

Wage growth increasingly tied to productivity and technical roles

Minimum wages in China have continued to rise steadily through 2025, with all 31 provinces now exceeding RMB 2,000 (around USD 275) per month. Notable adjustments took effect in Sichuan, Chongqing, Guangdong, Fujian, and others earlier in the year, while provinces such as Shandong and Ningxia raised rates later in 2025. Shanghai maintains the highest monthly minimum wage at RMB 2,740 (USD 378), and Beijing leads in hourly wages at RMB 27.7 (USD 3.7). The increases reflect ongoing efforts to align pay levels with living costs and social insurance obligations, though regional disparities remain due to tiered wage systems. China Briefing

Tariffs squeeze pay; factories reduce overtime and bonuses

Reuters reported in August 2025 that textile and apparel factories in Guangdong and Zhejiang cut overtime hours and trimmed performance bonuses to cope with reduced orders after U.S. tariffs rose. While base pay remained steady, average monthly earnings fell by 5–8 %, impacting migrant workers the most. Factories also shifted toward multi-skilled positions to contain wage bills, reflecting labour-market adaptation under trade pressure. Reuters

Shift toward high-skill roles changes wage composition

As automation increased, Q3 industry reports showed rising demand for technicians and machine operators with average salaries 20–30 % above floor rates. Entry-level wages stagnated, but specialist roles benefited from premium pay. This evolving structure demonstrates how China's textile sector is migrating toward skill-based income differentiation. Apparel Resource

Other/Legal

Tariff stacking and origin documentation elevated compliance risk in Q3

Legal and trade-advisory commentary in Q3 emphasised that China faces multiple duty layers (reciprocal tariffs, Section 301, anti-dumping) and that origin documentation and supply-chain transparency are critical to avoid detentions or cost surprises. For suppliers, compliance is becoming a cost-of-entry. Source: (Koala Gains)

China – Textile Industry Shifts Toward Renewable Energy

China's textile and garment industry is accelerating its energy transition, with renewable electricity now accounting for an estimated 23 % of total power use in 2024, up from 8 % two years earlier.. Many dyeing, weaving, and finishing operations are relocating to regions such as Xinjiang, Qinghai, and Inner Mongolia, where wind and solar energy are abundant. The shift supports China's 30·60 carbon goals while helping manufacturers manage long-term energy security. China Daily

Cleaner Production and Low-Carbon Materials Expand

Textile producers are scaling up low-water dyeing, fibre recycling, and bio-based fabrics to cut both energy and emissions footprints. New collaborations under CNTAC's "Fashion Climate Innovation 30·60" program link brands and mills to pilot circular material solutions. These efforts support China's broader shift toward a greener industrial value chain, appealing to international buyers seeking verified climate action. New Energy

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Cambodia

កម្ពុជា

Q3 2025

Country Profile

Cambodia's garment sector is a vital pillar of its economy, contributing significantly to exports and employment. The industry primarily operates on a cut-make-trim (CMT) model, assembling imported fabrics into finished garments for global markets. Cambodia benefits from preferential trade agreements that provide duty-free access to key markets, though it faces pressure to develop more local textile production to maintain these benefits. Competitive labor costs and political stability attract foreign investment, while challenges include supply chain dependency on imported inputs and the need to improve productivity and working conditions. The sector is gradually adopting sustainability initiatives and compliance frameworks to meet international buyer expectations.

Population
National Population as of 2025:
17.18 Million

Median Age (Years)
26.7

Minimum Wage
USD 210
(For GFT Sector)

Key Sectors
Key Pillars of the Economy:
- Garments & Footwear
- Tourism
- Agriculture

Garment & Textile Export (USD)
9.7 Billion

Garment sector largest employer; dependent on preferential trade agreements

Total Workforce in GFT
~900K

% Women in Workforce
~80%

Top Export Destinations

Key Trade Agreements
Notable Trade Agreements include:
Preferential Trade Treatment: EU, UK, Canada, Japan, ANZ.
FTAs: Cam-China, Cam-S.Korea, Cam-UAE, ASEAN FTA

Installed Capacity
~5,044 MW

Energy Cost (US Cents/kWh)
13.7 Cents / kWh

U.S. Reciprocal Tariff
19%
Effective August 1st, 2025

Trade Deal reached. New developments suggests certain products are exempt under E.O. 14346

GDP (USD)
46.35 Billion
(2024)

GDP Growth Estimate (%)
4.0% (2025)

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Politics

U.S.–Cambodia reciprocal tariff confirmed at 19%

Cambodia's Deputy Prime Minister publicly confirmed that Washington set a 19% reciprocal tariff on Cambodian exports, a decision communicated in late July and implemented as part of the early-August tariff adjustments. Officials said the lower-than-earlier-proposed rate reduced the immediate risk of large-scale factory collapse and gave exporters a clear duty figure to use for contract re-pricing and cashflow modelling. Reuters

Border ceasefire and related diplomatic activity with Thailand

In late July 2025 Cambodia and Thailand agreed an "immediate and unconditional" ceasefire after border clashes; the high-level diplomacy and regional engagement that followed re-oriented some security and political attention in Q3 and affected cross-border logistics and reassurance narratives used by buyers and investors. theguardian.com

Official reporting of increased factory registrations

Government/industry figures released in Q3 (reporting up to June 2025) showed the number of registered garment factories rising to ~1,682, reflecting continued investment flows and enterprise formation through the first half of the year — a datapoint used throughout Q3 for capacity and labour supply assessments. Khmer Times

Interest in Shift to advanced industries in Cambodia opens new sourcing opportunity window & considerations

Cambodia's government signalled a move into higher-value manufacturing, encouraging growth in advanced sectors beyond garments - including electronics, assemblies and precision parts. This signals to suppliers a strategic juncture: GFT manufacturers could leverage the moment to invest in finishing capabilities, lean operations and skill-up programmes, positioning themselves as diversified suppliers in anticipation over a shift in the nation's typical CMP model. For buyers, the shift also suggests opportunities to source from Cambodian partners who are upgrading their manufacturing footprint - offering resilience, value-addition and alignment with evolving value-chain requirements.
(Khmer Times)

Exports

Cambodia earns nearly US$11 billion from apparel-related exports Jan-Aug 2025 (+19% YoY)

The Ministry of Commerce of Cambodia reported that Cambodia's exports of garments, textiles, footwear and travel goods reached approximately US$10.97 billion in the first eight months of 2025, reflecting a 19 % year-on-year increase. Garments alone generated around US$7.73 billion, footwear surged ~28.6 %, and travel goods rose modestly. The strong growth, even amid global uncertainty and tariff developments, signals continued demand and operational resilience in Cambodia's light-manufacturing export sector. Kampuchea Thmey

GFT exports surpass US$12.2 billion in first nine months of 2025 (+16.7%)

According to a ministry-report released in late October, Cambodia's cumulative exports of garments, shoes, textiles and travel goods hit ~US$12.2 billion by end-September 2025, up around 16.7 % year-on-year. Garments accounted for US$8.63 billion of that, footwear US$1.54 billion (+26.7 %) and travel goods around US$1.53 billion (+3.2 %). The figures illustrate product-diversification gains within the export basket and reinforce Cambodia's position as a significant regional exporter. Xinhua via Khmer source

Footwear and textiles lead export growth in Jan-Aug 2025

In the Jan-Aug 2025 breakdown, Cambodia's footwear exports rose ~28.63 % to about US$1.4 billion, and textiles (apart from garments) showed ~35 % growth in certain categories – marking a stronger acceleration than the base garment segment (~19 % growth). The dynamic suggests a shifting product-mix in favour of higher-value or adjacent items, which may help buffer future headwinds tied to basic apparel. Kampuchea Thmey, Oct 1 2025

Employment

Sector workforce scale remains significant at over 900,000 workers

Estimates in Q3 show the GFT industry directly employs over 900,000 workers in Cambodia (mostly women), underscoring its continued importance for livelihood and social stability. This scale suggests strong labour-market relevance, and continues to solidify the strategic importance of the GFT (garment, footwear, travel-goods) industry to Cambodia's economy,
Source: (Cambodianess)

Upskilling and new-factory openings support absorption of labour

With new factory openings and expansion of segments (e.g., travel goods, footwear), opportunities are emerging for worker redeployment and upgrading roles (quality, finishing), which supports workforce stability and growth. The message: invest in training and worker mobility. Source: (Khmer Times)

Mass Labor Movement: Over 940,000 Migrant Workers Return from Thailand

The escalation of the Cambodia-Thailand border conflict in July 2025 triggered an unprecedented mass exodus of Cambodian migrant workers, with the Ministry of Labour and Vocational Training (MLVT) reporting that over 940,000 nationals have returned home from Thailand. This sudden, massive influx, prompted by widespread reports of violence, harassment, and fear among migrant communities, represents nearly 80% of the estimated 1.2 million Cambodians previously working in Thailand. The scale of the return has placed an immense strain on Cambodia's domestic job market and social safety nets, necessitating a large-scale public-private effort to absorb the workforce and provide immediate relief, vocational training, and new formal employment opportunities.
Khmer Times

Cambodia Reintegrates Over 300,000 Returned Migrant Workers, Discusses Job Expansion with World Bank

Cambodia's Ministry of Labour and Vocational Training (MLVT) announced the successful reintegration of over 300,000 migrant workers into new domestic jobs—primarily within the industrial sector—out of the approximately 940,000 nationals who have returned from Thailand since June 2025. Complementing this effort, Labour Minister Heng Sour recently held talks with the World Bank (WB) to discuss further cooperation on expanding employment opportunities, strengthening the labor market, and enhancing vocational training programs, such as the "Skills for Better Jobs Project," to secure sustainable domestic employment for the remaining working-age returnees. Khmer Times

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Wage

Minimum wage increase announced: USD 210/month for 2026

On 17 September 2025, Cambodia's National Minimum Wage Council confirmed that garment, footwear and travel-goods workers will earn a monthly minimum of US $210 from 1 January 2026, after two weeks of tripartite negotiations. The US $2 increase (+0.96 %) follows modest inflation control and aims to balance worker welfare with competitiveness for exporters facing new U.S. tariffs. Probationary workers will earn US $208, while piece-rate workers must receive top-ups if their earnings fall below the statutory level. Unions accepted the decision as "a small but stable gain," and employers noted the clarity helps in contract budgeting for 2026 orders. Although this 2026 increase is marginal, stakeholders welcomed the early clarity from the decision. With a fixed figure confirmed, manufacturers can price contracts and negotiate cost adjustments for the coming year. The announcement helped reassure foreign buyers that Cambodia's tripartite system remains functional and predictable despite global uncertainty. Source: (DFDL) (ASEAN Briefing)

Other/Legal

Origin verification and trans-shipment scrutiny intensified in Q3

3 featured heightened attention from buyers and customs regimes on source-of-origin and trans-shipment risks, reflecting the broader tariff environment. Industry summaries circulated in Q3 recommended clearer documentation trails and supply-chain audits; exporters reported increased documentary checks and, in some lanes, longer customs validation times. For commercial teams, Q3 was a period of reinforcing provenance data and tightening supplier onboarding documentation.
(DFDL)

Sustainability and circular-textile pilots gained profile during Q3

Sustainability initiatives, including pilot programmes on circular-textile practices and waste-management partnerships, were visible in Q3 reporting and brand communications. These initiatives were small in scale but gained prominence as buyers linked long-term sourcing to environmental performance; Q3 showed incremental investments in cleaner production and chemical-management systems in a subset of factories. Such activity in Q3 is relevant to decision-makers assessing mid-term buyer preferences and potential premium channels. (See Global Fashion Agenda materials and sector press.)
(Khmer Times)

Factory openings and enterprise formation continued through Q3, expanding capacity

Q3 reporting restated that hundreds of new enterprises had been registered earlier in the year, with the mid-year factory count rising to about 1,682 by June. This ongoing enterprise formation, visible through Q3, increased sourcing options for buyers but also raised the need for careful supplier due diligence and compliance monitoring. The trend underlined that while capacity grew, the quality and audit-readiness of new units varied significantly. (See Khmer Times & registration reports.)
(Khmer Times)

Rooftop solar power system capacity		Compensation rate	
Small size	Not more than 10 kWac	No need to pay compensation	
Medium size	More than 10 kWac to 50 kWac	0.037 $/kWh	148 Riels/kWh
	More than 50 kWac to 100 kWac	0.047 $/kWh	188 Riels/kWh
Large size	More than 100 kWac to 200 kWac	0.052 $/kWh	208 Riels/kWh
	More than 200 kWac to 500 kWac	0.055 $/kWh	220 Riels/kWh
	More than 500 kWac to 1,000 kWac	0.058 $/kWh	232 Riels/kWh
	More than 1,000 kWac	0.060 $/kWh	240 Riels/kWh

Subject to Compensation Tariff (refer to table in official documents)

STAR
Sustainable Textiles of the Asian Region

Quarterly Roundup

Myanmar

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Q3 2025

Quarterly Roundup

Myanmar

Country Profile

Myanmar's garment industry is an emerging sector with growing importance for exports and employment. It offers competitive labor costs and a young workforce, attracting foreign manufacturers seeking alternatives in the region. The sector is predominantly export-oriented, focusing on assembly and CMT operations, with limited upstream textile production. Infrastructure and political uncertainties pose challenges, along with the need to improve labor standards and factory compliance. Efforts to diversify markets and integrate more sustainable practices are underway as Myanmar seeks to strengthen its role in regional and global apparel supply chains.

Population

National Population as of 2025:

54.8 Million

Median Age (Years)

30.1

Minimum Wage

~USD 87

Key Sectors

Key Pillars of the Economy:

- Mining
- Garments
- Agriculture

Garment & Textile Export (USD)

~8.0 Billion

(2024)

Emerging garment exporter; smaller scale

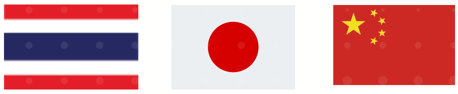
Total Workforce in GFT

~400K

% Women in Workforce

~70-75%

Top Export Destinations



Key Trade Agreements

Notable Trade Agreements include:

AFTA | RCEP | ASEAN + 1 | BIPAs

Installed Capacity

~7,100MW

Energy Cost (US Cents/kWh)

~14.4 Cents / kWh

U.S. Reciprocal Tariff

40%

Effective August 1st, 2025

No deals made, Tariff will go in full effect

GDP (USD)

64.28 Billion

(2024)

GDP Growth Estimate (%)

-2.5% (2025)

Politics

U.S. reciprocal tariff on Myanmar set at 40%

In July U.S. policy documents and public announcements set a 40% tariff on Myanmar goods (effective 1 August), a sharp political move in Q3 that materially affected CMP garment, footwear and bag exporters that had historically relied on U.S. orders. The tariff announcement was a direct political shock to Myanmar's export model in Q3. US-ASEAN Business Council

Junta leadership appeals to U.S. for tariff reduction

In mid-July the Myanmar junta's leadership publicly requested that the U.S. consider reducing the proposed 40% tariff, signalling high-level political engagement and the regime's willingness to seek bilateral mitigation even as Q3 tariff policy crystallised. This intervention was a notable Q3 political communication. Reuters

Industry warnings and public statements on export impact

During Q3 the Myanmar Garment Manufacturers Association and civil-society reporting warned about the likely scale of order cancellations and job losses from the new tariff regime; Q3 media coverage documented rising concern among factory owners and workers as orders were re-priced or cancelled. Business & Human Rights Resource Centre

Factory shutdowns and firm-level closures reported in Q3

By late August Q3 local business reporting and sector press recorded specific factory shutdowns in Yangon and closure notices for certain brand suppliers (for example a Samsonite supplier reported in late-August coverage), a direct industrial consequence of the quarter's political/tariff changes. The Irrawaddy

Exports

Myanmar garment exports up 9% in H1 FY2025-26 (Apr–Sept) despite headwinds

Myanmar’s garment exports rose ~9% in the first half of FY2025-26 (starting April 1) compared with the same period last year. The update, covering the H1 period which overlaps Q3, highlights that despite macro risks and tariff concerns, export flows remained positive into Q3. China.org.cn,

Factory closures begin post-tariff; at least 6 shuttered in Yangon since August

Q3 coverage reportsat least six garment factories in Yangon had shut down since August 2025, and others reduced overtime and staffing. These closures directly reflect export-order contraction tied to the new U.S. tariff regime that came into effect in Q3. Source: (irrawaddy)

US Tariffs and EU Reliance: A Setback for Myanmar's Garment Sector, Not a Fatal Blow

Myanmar’s garment industry is facing strain from the 40% reciprocal tariff imposed by the US in July 2025, which threatens short-term business disruption. However, the sector is buffered by its primary focus on the EU and Asian markets, where it maintains a crucial cost advantage through ultra-low wages and duty-free EU access. While this strategic focus provides a key defense against the US tariffs, the industry must still navigate significant non-tariff challenges, including mounting ESG scrutiny from European buyers and persistent domestic instability. Fulcrum

Employment

Garment workforce comprises of 80% young, female migrants

A United Nations Development Programme (UNDP) study confirms that the operational foundation of Myanmar's garment sector—a critical national export industry—is an overwhelmingly vulnerable demographic. The sector's estimated 500,000 workers are comprised of over 80% women, the vast majority of whom are internal migrants aged between 16 and 27, having moved from impoverished rural regions to industrial hubs like Yangon. The June 2025 report highlights that despite their indispensable role, this population faces deteriorating conditions, including stagnant real wages that often fall below the minimum required for basic living costs and widespread labor rights violations. UNDP

Factories cut shifts and close after U.S. tariff announcement

Following the U.S. 40% tariff announcement, multiple reports in Q3 show factories in Yangon reducing shifts, cutting overtime and, in some cases, suspending operations — leading to immediate job losses and reduced incomes for garment workers during the quarter. The employment impact was concentrated in footwear, bag and some apparel lines. Irrawaddy

Labour-shortage legacy remains a challenge for scaling production

Although not new, the chronic shortage of skilled workers remains a structural constraint for Myanmar's factories aiming to move into higher-value production — focused workforce development is required. Source: (Apparel Review)

Myanmar's Garment Industry Responds to Order Shocks with Strategic Resilience

Since the imposition of U.S. tariffs in August 2025, factories in Myanmar's garment and accessories sector have faced significant strain, with some plants in Yangon closing entirely and many workers experiencing job losses, reduced overtime hours and income setbacks. However, viewing this as more than just a setback, industry participants are using the disruption as a stimulus for strategic adjustment: some businesses are diversifying their export markets away from the U.S., refocusing on the EU and Asia, reassessing cost-structures and negotiating tighter buyer engagements to maintain production volumes. Going forward, this moment provides an opportunity for Myanmar's garment sector to strengthen its resilience by enhancing labour-relations frameworks, investing in productivity improvements and exploring niche value-added sub-segments (e.g., bags/travel goods) less exposed to tariff risk — thereby protecting employment and laying groundwork for long-term sustainable export competitiveness. Business & Human Rights Resource Centre FULCRUM

Wage

Myanmar Garment Wages Rise Amid Efforts to Align with Living Costs

Myanmar's minimum daily wage for workers in enterprises with 10 or more staff has increased to MMK 7,800 (≈ US$3.72 for an eight-hour day), reflecting ongoing government efforts to support fair compensation in the private sector. Beyond the base wage, many garment factories have voluntarily offered higher pay—around MMK 11,000–11,500 per day—and overtime rates of MMK 2,100 per hour, as employers respond to rising living costs and inflation. While wages still fall short of estimated living-wage benchmarks, these developments indicate a constructive trend toward improving worker remuneration, enhancing labour retention, and strengthening the long-term competitiveness of Myanmar's export-oriented garment sector. Tilleke & Gibbins Myanmar Labour News

Wage protection under pressure as hours fall and orders drop

Garment factories in Yangon are experiencing operational slowdowns and temporary closures due to rising US tariffs and tighter regulatory controls, which are affecting orders and production volumes. While these challenges have created short-term wage pressures and reduced overtime opportunities, many factories are exploring strategies to maintain worker compensation, including adjusting shifts, diversifying product lines, and seeking alternative markets to stabilize revenue. The situation highlights the need for resilient business models and stronger labour-management dialogue to safeguard wages, protect employment, and ensure the sector can continue to contribute to Myanmar's economy under evolving international and domestic pressures. Irrawaddy

Others/Legal

Navigating Compliance and Growth in Myanmar's Garment Sector

Myanmar's garment industry in Q3 2025 continues to operate in a complex legal and regulatory environment, prompting manufacturers and buyers to strengthen compliance and due-diligence systems. International bodies, including IndustriALL, have urged brands to ensure responsible sourcing and monitor labour standards closely. At the same time, garment exports have shown 9% growth in the first half of FY2025–26 compared with the previous year, demonstrating the sector's resilience. This dual trend highlights the opportunity for factories and suppliers to invest in stronger governance, transparent supply-chain practices, and worker protection measures, enabling continued growth while meeting evolving international expectations. industriall-union.org Global Textile Source

STAR
Sustainable Textiles of the Asian Region

Quarterly Roundup

Pakistan

پاکستان

Q3 2025

Country Profile

Pakistan's textile and garment industry is a cornerstone of its economy, with textiles accounting for a large share of exports and industrial employment. The country benefits from a well-established raw material base, including cotton production, and a vertically integrated supply chain. Pakistan's garment sector is evolving to meet international quality and compliance standards, while also expanding into value-added apparel products. Challenges include energy supply constraints, infrastructure bottlenecks, and competition from regional neighbors. Continued investment in modernization, workforce skills, and trade facilitation is key to enhancing competitiveness and market access.

Population
National Population as of 2025:
~255 Million

Median Age (Years)
22.8

Minimum Wage
USD 141

Key Sectors
Key Pillars of the Economy:
Textiles
Garments
Agriculture

Garment & Textile Export (USD)
~17.8 Billion
(2024)
Growing exports to US; textile base strong

Total Workforce in GFT
~20 Million

% Women in Workforce
~25%

Top Export Destinations

Key Trade Agreements
Notable Trade Agreements include:
GSP+ | China FTA | SAFTA | Bilateral FTAs | TPA-OIC |

Installed Capacity
~46,605 MW

Energy Cost (US Cents/kWh)
~13.5 Cents / kWh

U.S. Reciprocal Tariff
19%
Effective August 1st, 2025
Trade deal reached, tariff rates in full effect

GDP (USD)
407.5 Billion
(2024)

GDP Growth Estimate (%)
2.7% (2025)

Politics

Government finalizing five-year Textiles & Apparel Policy

The government of Pakistan is currently working to finalise a five-year Textiles and Apparel Policy, aimed at making the country's garments and textile sector more regionally competitive, removing barriers to trade and supporting long-term export growth. Key areas of focus will include reducing production costs, improving productivity, promoting research & development, diversifying products and markets, and enhancing alignment between government and industry. Alongside this, a broader National Industrial Policy is also being drafted to address systemic issues across manufacturing—such as energy tariffs, taxation, financing, land-lease models and investment facilitation—for sustainable industrial growth. Industry leaders welcomed the move and emphasised that engagement between government and exporters is essential to turn policy into performance—and that achieving export growth will depend on translating strategic intent into concrete reforms. Dawn

Flood response and policy dialogue on climate resilience

Severe monsoon flooding in Pakistan has caused widespread damage to both agricultural lands and industrial zones, particularly affecting cotton-growing regions and key manufacturing hubs such as Sialkot, Faisalabad, and Karachi. The inundation of fields threatens cotton supply chains, while factory closures and infrastructure damage disrupt textile and garment production, putting thousands of jobs at risk in the country's export-oriented sectors. Combined with existing economic pressures, including high inflation and energy costs, the floods amplify risks to both livelihoods and industrial output. Industry observers are calling for rapid relief measures, contingency planning, and government support to stabilize operations, protect employment, and maintain the competitiveness of Pakistan's manufacturing and export sectors. Economic Times

Provincial authorities actively courting FDI for textile parks

Provincial governments accelerated engagement with investors to develop SEZs and textile parks in Q3, creating enabling conditions (land, facilitation) to host larger manufacturing projects. This political push supports medium-term capacity upgrades and job creation if matched by implementation momentum. The Express Tribune

Exports

Pakistan's Textile Exports Continue Growth in Q1 FY2025-26

Pakistan's textile exports increased by 5.63% to $4.77 billion in the first quarter of fiscal year 2026 (July-September 2025) compared to the same period last year.

This growth was driven by higher exports of yarn and made-up articles, while September saw a significant monthly surge reaching a three-year high of approximately $1.6 billion, led by knitwear and garments. However, the sector faces challenges like rising costs and declining exports in categories such as bedwear and cotton cloth.

Overall performance

- **Quarterly increase:** Textile and clothing exports rose by 5.63% to $4.77 billion from July to September 2025, up from $4.52 billion in the same period last year.
- **September surge:** September 2025 saw a strong performance, reaching a three-year high of about $1.6 billion in monthly exports.

Category-specific performance

- **Growth areas:** The increase was supported by higher exports of yarn and made-up articles. Knitted apparel, in particular, reached an all-time monthly high of $485 million in September 2025.
- **Declining categories:** Bedwear exports fell by 0.92% and towel exports decreased by 5.02% in value. Cotton cloth exports saw a significant drop of 25.32%.

Challenges and outlook

- **Cost pressures:** Industry stakeholders are concerned about rising costs of doing business, which impacts the sector's competitiveness.
- **Policy impact:** Recent Amendment in Export Facilitation Scheme , the textile sector is facing a conflicting policy environment. The government approved a policy of applying 18% sales tax on imported cotton, yarn, and grey fabric, as well as imposing customs duties and income tax on these imports. Plans to remove sales tax on locally-grown cotton have not yet been implemented, creating concern among textile manufacturers and exporters.
- **Industry calls:** Industry leaders are calling for policy measures to improve the sector's competitiveness, such as regionally competitive energy and wage policies and support for diversification.

Commerce Ministry Reaffirms Export Focus: TDAP Board Approves Strategic Initiatives and Trade Facilitation Plan

In an early Q3 reaffirmation of policy continuity, the Ministry of Commerce—through the 12th Board Meeting of the Trade Development Authority of Pakistan (TDAP) chaired by Minister Jam Kamal Khan on July 7, 2025—approved a strategic plan focused on enhancing export competitiveness and improving trade facilitation. These official pronouncements stress the government's determination to support exporters by approving the Annual Business Plan for FY2025-26, enhancing promotional support, and investing in regional trade infrastructure. The Minister underscored the importance of shifting focus to emerging markets and implementing restructuring plans to transform TDAP into a more export-oriented institution, serving as a key political signal of stability and support for the business community amid market volatility. PID

Pakistan's Textile and Leather Exports Continue Growth in Q1 FY2025-26

Pakistan's vital textile and leather sectors provided the backbone for export growth in the first quarter (Q1) of the fiscal year 2025-26, collectively achieving a 5% year-on-year increase to reach a total of $5.046 billion for the July-September period. This robust performance, reported by the Trade Development Authority of Pakistan (TDAP), was particularly strong in value-added segments; for instance, men's apparel exports surged by 25% and bedlinen exports rose by 6%. This growth underscores the industry's success in expanding its market share through improved quality standards and cost competitiveness, maintaining momentum despite global economic challenges and solidifying its position in key international markets like the United States, Spain, and Germany. INP

Export councils briefing government on emergency support and reforms

Industry bodies such as the Pakistan Textile Council used Q3 meetings to present targeted measures (energy relief, finance windows, duty draw-backs) to stabilise exporters — showing constructive public-private coordination to address near-term shocks. The Express Tribune

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Employment

Garment sector sustains significant employment despite challenges in Q3 2025

The textile and apparel sector, the largest industrial employer in Pakistan, continues to employ roughly 40% of the country's industrial labor force, amounting to millions of workers across Punjab, Sindh, and other provinces. Despite factory closures and capacity reductions reported earlier in the year, Q3 showed signs of stabilization supported by recovering export orders and government policies targeting industry resilience. Arab News, Better Work

Employment at Risk as Pakistan's Export Sector Faces Rising Costs

Pakistan's export-oriented industries, including textiles and garments, are experiencing mounting pressures that could affect employment levels. Merchandise exports fell 3.83% year-on-year in Q1 FY26, with September alone seeing an 11.71% decline. Industry representatives cite high energy tariffs, rising input costs, and regulatory uncertainties as key challenges, which could lead to slowed production and potential workforce reductions. Stakeholders warn that without targeted policy support—such as stabilizing energy pricing, streamlining taxes, and aligning labour costs with regional competitors—jobs in export-dependent sectors, particularly garments and textiles, may come under increasing pressure. brecorder

Sector fragmentation and compliance variations affect employment stability

Most garment employment is concentrated in smaller factories, which typically face greater operational and compliance challenges, impacting job security and working conditions. Larger, more compliant factories are adapting better to rising orders and regulatory demands, underscoring the need for targeted support to smaller enterprises to stabilize their workforce. PTC

Wage

Garment Industry Commits to Wage Growth Amid Rising Living Costs

The garment industry in Punjab and Sindh has made measurable progress in improving worker compensation, with average monthly wages rising by nearly 16% between 2022 and 2023, from approximately PKR 30,647 (≈US$107) to PKR 35,947 (≈US$126). While these increases demonstrate the sector's commitment to supporting workforce livelihoods, wages remain below estimated living-wage benchmarks in key manufacturing hubs such as Sialkot. Federation members recognize the need for continued, gradual adjustments aligned with inflation and rising living costs to sustain workforce stability, while balancing operational competitiveness and global market pressures. This approach underscores the industry's commitment to responsible growth that benefits both workers and manufacturers. Fair Labor Association

Collaborative engagement strengthens responsible sourcing and wage compliance

Leading global brands and local suppliers are encouraged to adopt fair purchasing practices and invest in capacity building for wage compliance, while donor-supported initiatives targeting wage governance and gender equity are vital to accelerate reforms across the supply chain. Continued multi-stakeholder collaboration in Q3 2025 showed promising signs of progress in this area. Pakistan Textile Council Policy Recommendations

Others/Legal

Legal and regulatory framework evolving amid enforcement challenges

Pakistan's garment sector operates under several laws, including the Factories Act, 1934 (covering worker safety, wages, and hours), the Industrial Relations Act, 2012 (trade unions and grievance resolution), and the Employment of Children Act, 1991 (child labor prohibition). However, persistent enforcement issues due to weak regulatory bodies, corruption, and lack of awareness continue to undermine labor protections and sector reputation in global markets. (Khyber Journal of Public Policy, 2025)

Pakistan Accelerates Renewable Energy Uptake in 2035 Clean Energy Goal

Under the Alternative & Renewable Energy (ARE) Policy 2019, Pakistan originally aimed to attain approximately 20 % of generation capacity from renewables by 2025 and 30 % by 2030. As of Q3 2025, Pakistan has made significant strides: net-metering solar installations have reached about 6.1 GW by June, up markedly from the end of 2024, reflecting growing behind-the-meter generation. At the same time, utility-scale renewables (wind, solar, bagasse) still account for only about 5 % of electricity generation, falling well short of the 30 % target. The government has also set a new broader goal of achieving around 62 % renewables (including hydropower) of the total energy mix by 2035. pv magazine International uploads.renewablesfirst.org

Pakistan Accord enhances health and safety compliance across factories

Pakistan Accord, a legally binding partnership between trade unions (UNI and IndustriALL) and over 140 global brands, covers more than 700,000 workers and 650+ factories. It drives independent safety inspections, safety training, complaint mechanisms, and government inspector capacity building, strengthening occupational health and safety standards in garment operations during Q3 2025. Pakistan Accord

Policy reforms aim to stabilize industry and improve competitiveness

The forthcoming textile policy emphasizes reinstating supportive incentives (like regionally competitive energy tariffs), refining tax regimes, investing in infrastructure, and establishing better oversight and monitoring frameworks. These reforms seek to create a transparent and consistent legal environment, facilitating export growth while enhancing compliance standards. (Pakistan Textile Council

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Quarterly Roundup

Vietnam

Việt Nam

Q3 2025

Country Profile

Vietnam has rapidly emerged as a major global garment manufacturing hub, driven by competitive labor costs, trade agreements, and a growing infrastructure network. The sector is characterized by strong export orientation, producing a wide range of apparel products for top global brands. Vietnam benefits from participation in multiple free trade agreements, facilitating market access and investment. The industry is increasingly focused on sustainability, compliance, and technological upgrading to maintain growth amid rising labor costs. Vietnam's garment sector plays a critical role in the country's economic development and integration into global value chains.

Population

National Population as of 2025:

~100 Million

Median Age (Years)

32.5

Minimum Wage

~USD 135-195

Key Sectors

Key Pillars of the Economy:

Electronics

Garments

Agriculture

Garment & Textile Export (USD)

~44 Billion (2024)

2nd largest global apparel exporter

Total Workforce in GFT

~3.5 Million

% Women in Workforce

~70-80%

Top Export Destinations

Key Trade Agreements

Notable Trade Agreements include:

CPTPP (Comprehensive Progressive Trans Pacific Partnership) | RCEP | EU Bilateral FTAs

Installed Capacity

~82,000 MW

Energy Cost (US Cents/kWh)

8.0 Cents / kWh

U.S. Reciprocal Tariff

20%

Effective August 1st, 2025

Trade deal finalized in early July, 20% tariff on Vietnamese goods, 40% on trans-shipped good

GDP (USD)

476.39 Billion (2024)

GDP Growth Estimate (%)

7.0% (2025)

Politics

Political Stability and Governance Reforms Strengthen Investor Confidence

Vietnam maintained strong political stability throughout Q3 2025, supported by continued internal Party consolidation and the Government's anti-corruption drive. The Prime Minister and key ministries issued new directives emphasizing export market diversification, improved FDI procedures, and digital government reforms to strengthen governance efficiency. Negotiations on potential new FTAs were announced, aiming to broaden trade relations beyond traditional markets. Meanwhile, enforcement against illegal transshipment intensified following the 20% reciprocal U.S. tariff, signaling Vietnam's commitment to fair trade and compliance within global supply chains.

Vietnam's economy shows resilience amid political stability in Q3 2025

Vietnam's GDP grew 8.22% year-on-year in Q3 2025, maintaining strong growth momentum despite the introduction of a 20% U.S. tariff on exports and weather-related disruptions including Typhoon Bualoi. The government emphasizes political stability supported by internal party consolidation and ongoing anti-corruption campaigns that continue to strengthen governance and business environment. Reuters

Prime Minister directive and measures to diversify export markets

Late-September statements and directives (circulated in Q3 reporting) emphasised export promotion, market diversification and actions to sustain trade momentum amid tariff headwinds — a political steer that was used in Q3 planning by ministries and trade promotion agencies. (Directive and government communications were publicised across Q3.) Vietnam+

U.S. reciprocal tariff on Vietnam set at 20%

In early August the U.S. imposed a 20% reciprocal tariff on most Vietnamese exports (with higher levies on suspected transshipments), a Q3 development that immediately shaped buyer sourcing discussions and domestic policy responses in Vietnam's trade-policy circles. Reuters

Government moves to tighten rules and penalties on illegal transshipment

In July Q3 authorities published or prepared stronger penalties and enforcement plans aimed at preventing trade fraud and illegal transshipment — a direct policy response tied to the new U.S. tariff framework and relevant to apparel value chains that rely on multi-country input flows. Reuters

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Exports

Vietnam Exports Strong, PM Warns of Mounting Inflation Pressure

Vietnam's August 2025 economic performance was characterized by robust trade figures, including a significant trade surplus fueled by strong export growth. However, this success was overshadowed by a warning from Prime Minister Pham Minh Chinh about the rising threat of inflation. With the annual Consumer Price Index (CPI) hitting 4.02%, driven primarily by global commodity price hikes, the government is prioritizing economic stability through enhanced price controls (especially on gasoline) and accelerating the disbursement of public investment funds to maintain growth momentum. Reuters

Export Growth Remains Robust Despite Tariff Headwinds

Vietnam’s economy expanded 8.23% YoY in Q3 2025 (GSO), led by resilient manufacturing and exports. The textile-garment sector recorded US $26.33 billion in export turnover for the first seven months (+9% YoY) and is projected to reach US $47–48 billion by year-end if momentum continues. Despite the 20% U.S. tariff, exporters have adopted flexible sourcing and production planning to maintain orders. The UNDP estimated that Vietnam may face up to US $25 billion in potential U.S. export losses, underscoring tariff exposure. To offset risks, domestic enterprises are expanding into the EU, Japan, Korea, and emerging FTA markets, while also strengthening domestic brand development and “green supply chain” compliance.

Vietnam targets $47-48 billion in textile and garment exports in 2025

Building on mid-year momentum, the sector aims to sustain monthly exports of over $4 billion for the remainder of the year to meet ambitious annual goals. Despite a 20% U.S. tariff creating competitive challenges, domestic firms are focusing on flexible production planning and financial management to secure market share and jobs. Global Textile Times

Vietnam’s textile-garment exports exceed US$26.33 billion in first seven months of 2025 (+9% YoY)

A sector-report published 11 Aug 2025 noted that Vietnam’s textile and garment industry posted export turnover of US$26.33 billion for Jan–Jul 2025, a 9 % increase year-on-year. Given the annual target of US$47–48 billion, this places significant pressure on H2 performance and highlights the importance of maintaining monthly exports above ~US$4 billion. The report flagged U.S. tariffs (20 %) and intense competition as key operational considerations. VietnamPlus

Vietnam risks losing up to US$25 billion in U.S.-bound exports under recent tariff regime

In a 22 Sep 2025 report, the United Nations Development Programme (UNDP) estimated that Vietnam could lose up to US$25 billion in exports to the U.S. market as a result of tariffs implemented on 7 Aug 2025. The report noted Vietnam as the most exposed country in Southeast Asia to reciprocal tariff risk in mid-2025, underscoring pressure on export flows into late Q3. Reuters

Employment

HCMC expects 85–90k new worker demand in Q3 — textile & footwear prominent

Ho Chi Minh City labour authorities forecast roughly 85,000–90,000 job openings in Q3 2025, with significant hiring demand in textiles, footwear and related light manufacturing — a sign of active recruitment despite tariff headwinds. Employers began scheduling mass job fairs and temporary hiring drives to meet seasonal order volumes. The Saigon Times

Employment Expands with Rising Incomes and Job Creation

The national labour force reached 53.3 million in Q3 2025 (+0.6 million YoY), while the unemployment rate fell to 2.22%, reflecting continued recovery. Ho Chi Minh City alone reported 85,000–90,000 new job openings, mainly in textiles, footwear, and light manufacturing. In Đồng Nai, several textile firms saw higher production and wage recovery. Average monthly income rose to VND 8.4 million (~US $323), reflecting steady industrial output and improving worker confidence. Skills upgrading and productivity improvement remain key priorities to sustain competitiveness amid higher input costs.

Textile enterprises report income and employment recovery in Q3

Industry reporting from Dong Nai in Q3 described stronger order activity for several factories, higher production volumes and rising average worker incomes in July–August, indicating that segments of the textile cluster were regaining employment momentum. The coverage highlighted variability across sub-regions within Q3. Bao Dong Nai

Industrial activity continued, employment sustained

Q3 manufacturing indicators (IIP and PMI) pointed to continued industrial activity; firms reported steady or expanding shift rosters through August, supporting ongoing employment in garment assembly lines and upstream fabric-processing units. The macro indicators underpinned Q3 labour confidence in export manufacturing hubs. VIR

Wage

Regional Wages Steady, New Adjustments Expected in 2026

Vietnam's four-tiered minimum wage system currently ranges from VND 4.96 million (USD 195) in Region 1 to VND 3.45 million (USD 135) in Region 4, following the July 2024 update under Decree 74/2024/ND-CP. The National Wage Council has proposed a 7 percent increase for 2026, aimed at offsetting inflation and ensuring workers' income growth. Manufacturers recognize the government's balanced approach but highlight the need for flexibility as energy, raw-material, and logistics costs continue to impact production margins. Maintaining alignment between wage policy, productivity gains, and export competitiveness remains a key concern for the sector. Vietnam Briefing

Proposed Minimum Wage Adjustment Balances Worker Welfare and Industry Viability

Vietnam's regional minimum wage has remained at VND 3.45 – 4.96 million (US $135 – 195) since the 2024 revision. The National Wage Council has proposed a 7–7.2% increase starting January 2026 to mitigate inflation pressure. While the Vietnam Textile and Apparel Association (VITAS) supports efforts to enhance workers' welfare, it has emphasized the need for a balanced approach to avoid cost escalation for small and medium-sized factories, particularly in labour-intensive export manufacturing.

Proposed Minimum Wage Increase Spurs Debate in Garment Sector

The Vietnam National Wage Council proposed a 7.2% rise in regional minimum wages effective 1 January 2026, prompting concern among industry stakeholders. The Vietnam Textile & Apparel Association (VITAS) has highlighted that while higher wages support workers, the increase may create cost pressures for smaller factories, emphasizing the need for careful planning to balance labour welfare with production competitiveness. Lao Dong

Others/Legal

Vietnam amends Law on Products and Goods Quality — traceability and stricter compliance from 1 Jan 2026

Under the revised Law on Products and Goods Quality announced 2 July 2025, Vietnam will introduce mandatory product digital passports, risk-based inspection regimes and new traceability requirements for goods including textiles and garments. The law (passed June 18 2024 but operationalisation preparations seen in Q3) signals that suppliers must upgrade compliance systems by 2026, and in Q3 several export-manufacturers began internal audits to align. For the GFT sector this means increased documentation, stronger buyer scrutiny and possible certification cost impacts ahead of order negotiations. Vietnam Briefing

New Regulations Strengthen Industrial Policy and Compliance

Two notable regulatory developments in Q3 2025 will shape Vietnam's textile and garment landscape. The amended Law on Products and Goods Quality (effective January 2026) introduces digital product passports, risk-based inspections, and enhanced traceability obligations, prompting early compliance reviews among garment exporters. Meanwhile, Decree 205/2025/NĐ-CP officially classifies textiles and garments as priority "supporting industries," granting preferential policies for upstream investments in fibres, fabrics, dyeing, finishing, and accessories. Additionally, the Ministry of Industry and Trade conducted 17,700 market inspections and handled 15,500 violations in the first nine months of 2025, underscoring stricter enforcement of trade and origin-trace regulations.

Vietnam Grants Priority Legal Support to Textile and Garment Sector Under Decree 205/2025

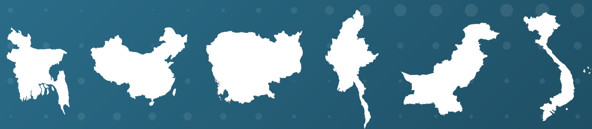
A significant development is Decree 205/2025/NĐ-CP, which amends and supplements parts of Decree 111/2015/NĐ-CP on supporting industries. Notably, the annex of Decree 205 explicitly lists the textile and garment sector — including fibres, yarns, fabrics, dyeing/finishing chemicals, and accessories — as priority "supporting industry" items. This means the textile sector stands to receive more favourable regulatory treatment (incentives, preferential policies) under Vietnam's industrial support framework, thereby offering factories and garment-producers clearer legal backing for investments in upstream processing and supply-chain localisation. EY

STAR Quarterly Roundup

Q3 2025

THANK YOU!

We hope you've found useful industry insights from this report!



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