



STAR

Sustainable Textiles of
the Asian Region

The STAR Network proudly presents our

Quarterly Roundup

Q4 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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Regional Roundup

Q4 2025



EXECUTIVE SUMMARY

Across Asia's major textile, garment, and footwear manufacturing hubs, Q4 2025 was defined by stabilisation rather than acceleration. Export volumes showed mixed performance as global demand remained uneven, while governments across the region continued refining trade, industrial, and energy policies to preserve competitiveness. Manufacturers sustained high production capacity and employment levels but faced persistent cost pressures, particularly in energy, logistics, and compliance. At the same time, decarbonisation, electrification, and supply-chain transparency moved further from pilot initiatives toward early implementation phases. Overall, the quarter underscored the region's resilience, with industry actors balancing short-term pressures against long-term transformation agendas.

Key Takeaways



Decarbonisation Moves from Strategy to Early Execution

Q4 saw a growing shift from commitments and roadmaps toward initial implementation of decarbonisation initiatives, particularly in fuel switching, renewable energy procurement, and energy efficiency. Brands, manufacturers, industry associations, and governments continued to engage in structured dialogue on how to scale these efforts. Challenges related to financing, infrastructure readiness, and policy clarity remain, but momentum is building. Decarbonisation is now firmly embedded as a long-term operational consideration rather than a standalone sustainability topic.



Export Performance Remains Uneven but Structurally Strong

Q4 export data across STAR member countries reflected month-to-month volatility, with some markets experiencing modest recoveries while others recorded year-on-year declines. Despite this, textiles and apparel remained the dominant export category in most economies, accounting for a majority share of merchandise exports. The continued reliance on core markets such as the United States, EU, and East Asia reinforced the importance of trade stability. Export competitiveness remained closely linked to cost structures and delivery reliability.



Production Capacity and Manufacturing Scale Remain a Regional Strength

Despite external pressures, Asia's textile and apparel manufacturing base continued to demonstrate significant installed capacity and industrial depth. Large-scale spinning, weaving, dyeing, and garment facilities across the region maintained output and operational readiness. This capacity underpins the region's ability to respond quickly to shifts in buyer demand and sourcing strategies. Q4 reaffirmed Asia's role as the backbone of global apparel supply chains.



Employment Stability with Localised Adjustments

Employment across the sector remained broadly stable, reflecting the industry's continued economic importance in all STAR member countries. While some subsectors faced reduced orders or utilisation, large-scale job displacement was not a defining feature of Q4. Workforce considerations increasingly intersected with skills development, automation, and compliance requirements. Labour remains central to both competitiveness and social sustainability discussions.



Energy Costs and Reliability Dominate Industrial Concerns







Across all six countries, energy pricing and availability emerged as the most frequently cited operational constraint in Q4. Manufacturers reported challenges related to electricity tariffs, fuel switching costs, and grid reliability, particularly as electrification and decarbonisation plans progressed. Governments and industry bodies continued discussions on competitive energy frameworks, recognising energy as a decisive factor in regional competitiveness. Energy policy alignment remains a central focus heading into 2026.



U.S. Reciprocal Tariffs

The final quarter of 2025 confirmed that U.S. reciprocal tariffs have become a structural feature of Asia’s sourcing environment, rather than a temporary disruption. While initial announcements earlier in the year introduced uncertainty, Q4 demonstrated how manufacturers and governments across the region have rapidly adjusted — recalibrating market strategies, production planning, and buyer engagement.

Cambodia and Bangladesh continued to stand out for securing moderate tariff outcomes (around 19–20%), helping preserve export continuity and investor confidence. Vietnam maintained access at similar headline levels while managing higher duties on trans-shipped goods, reinforcing its push toward origin transparency and supply-chain depth. Pakistan stabilised under a negotiated 19% rate, supporting cautious export recovery. China used the period to accelerate its shift toward automation, compliance, and higher-value segments. Myanmar, facing the steepest increase at 40%, pivoted more aggressively toward ASEAN, Japan, and EU markets to sustain operations.







Country	Tariff Rate	Status
Cambodia 	19%	After negotiations, Cambodia secured a 19% reciprocal U.S. tariff effective 1 August 2025, replacing earlier higher figures. The outcome supported export stability through Q4 and preserved buyer confidence. (Reuters)
Vietnam 	20% (General) 40% (Trans-shipped goods)	The U.S. confirmed a 20% tariff effective 7 August 2025, with a higher 40% rate applied to trans-shipped goods. Q4 reinforced Vietnam’s focus on origin verification and upstream supply-chain integration. (Vietnam Briefing)
Myanmar 	40%	Announced on 7 July 2025 and effective 1 August, the 40% tariff continued to weigh heavily on garment exports in Q4, accelerating factory closures and market diversification efforts. (U.S. ASEAN Business Council)
China 	10% (baseline) + 34% (country-specific, delayed)	The baseline 10% tariff remained applicable through Q4 2025, while higher country-specific rates were delayed. China used the period to advance automation, compliance upgrades, and value-added positioning.
Pakistan 	19%	Pakistan negotiated a 19% reciprocal tariff, effective August 2025. By Q4, the rate provided a clearer planning baseline for exporters navigating volatile demand. (Pakistan Textile Council)
Bangladesh 	20%	Bangladesh secured a reduction to 20% from initially proposed higher levels, effective August 2025. The outcome supported continued export growth and reinforced confidence among global buyers. (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)	32,659 MW (2025, official)	~4,945 MW (2023-2025 estimates)	3,402,000 MW (2025)	6,357 MW (2025 estimate)	46,605 MW (2025)	94,200 MW (2025)
Total Electricity Generation (GWh)	~88,000–95,000 GWh (est. 2025)	~24,000 GWh (projected 2025)	~9,350,000 GWh (2025 estimate)	~17,319 GWh (2023, no recent official data)	90,145 GWh (2025)	347,500 GWh (2025 target, official MoIT)
Approximate Energy Mix	Gas: 43% Coal: 25% Oil: 24% Hydro: 2% Imports: 16% Solar: 1.3% Other RE <2%	Hydro: 32-38% Coal: 28-30% Oil: ~13% Solar: ~10% Imports: 20-23% Biomass/Wind <2%	Coal: 55% Hydro: 14% Solar: 11% Wind: 7% Nuclear: 2% Other Thermal: 11%	Hydro: ~52% Gas: ~38% Others: 10% with RE targets rising	Thermal: 55.7% Hydro: 24.4% Nuclear: 7.8% Renewable: 12.5%	Coal: 47% Hydro: 34% Solar: 8% Wind & Other RE: 11%



STAR
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the Asian Region

Quarterly Roundup

Bangladesh

বাংলাদেশ



Q4 2025



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



Ready-Made (USD)

Garment Export

39.35 Billion

(2025)

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

~32,000 MW



*Including Captive Power, off grid Renewable Energy & Off grid HFO

Energy Cost (US Cents/kWh)

~6 - 10 Cents / kWh

U.S. Reciprocal Tariff

20%



Effective August 1st, 2025

GDP (USD)

475.01 Billion

(2025, IMF)

GDP Growth Estimate (%)

4.8%

(2026, WB)



Politics

Bangladesh Ratifies All ILO Fundamental Conventions, Reinforcing Industrial Credibility

In November 2025, Bangladesh became the first Asian country to ratify all 11 ILO Fundamental Conventions, including the two occupational safety and health conventions. This followed the adoption of the Bangladesh Labour (Amendment) Ordinance, 2025, marking a significant step in aligning national labour governance with international standards. For manufacturers, the move strengthens Bangladesh's credibility with global buyers and development partners while reinforcing a stable policy framework for export-oriented industry. [ILO](#), [BGMEA](#)

Labour Law Amendments Clarify Governance and Representation Frameworks

The Labour Amendment Ordinance introduced clearer provisions on trade union registration, specifying minimum worker thresholds while maintaining proportionality based on factory size. Industry stakeholders noted that the revisions aim to balance worker representation with operational predictability, supporting industrial stability during peak export periods. [BKMEA](#)

Election Roadmap Provides Policy Continuity Through Year-End

Authorities confirmed that Bangladesh's 13th national election is likely to take place in February 2026, providing political clarity throughout Q4 2025. This continuity allowed exporters to plan shipments, pricing, and investment decisions without near-term policy disruption. [The Daily Star](#)

Macroeconomic Conditions Improve as Inflation Moderates

Point-to-point inflation declined to 8.17 % in October 2025, easing from double-digit levels seen a year earlier. The moderation supported real wage stability and reduced cost pressures for both workers and manufacturers heading into 2026. [The Business Standard](#)

State–Industry Coordination Reinforces Export-Led Growth Strategy

Throughout Q4, government agencies, BGMEA, and BKMEA maintained close coordination on labour reform, compliance credibility, and trade facilitation—reinforcing a shared commitment to sustaining export-led growth amid global uncertainty. [BGMEA](#), [BKMEA](#)



Exports

RMG Exports Reach USD 39.35 Billion, Marking Strong FY 2024–25 Performance

Total exports of ready-made garment products, including both woven and knit garments, reached USD39.35 billion, reflecting a 8.84% growth compared to USD 36.15 billion during the same period in FY2023–24. Both major segments of the RMG sector—woven and knitwear—contributed to this growth. Woven garment exports increased from USD 16.87 billion to USD 18.19 billion, achieving a 7.82% growth rate. Meanwhile, knitwear exports rose from USD 19.28 billion to USD 21.16 billion, showing a stronger 9.73% growth. In summary, the export performance in FY 2024–25 so far reflects resilient growth in the RMG sector of Bangladesh. *BGMEA*

Comparative Statement on Export of RMG & Total Export of Bangladesh, Value in Million USD (Fiscal Year Basis)

Year	Export of RMG	Total Export of Bangladesh	% of RMG's to Total Export
2015-16	28094.16	34257.18	82.01%
2016-17	28149.84	34655.90	81.23%
2017-18	30614.76	36668.17	83.49%
2018-19	34133.27	40535.04	84.21%
2019-20	27949.19	33674.09	83.00%
2020-21	31456.73	38758.31	81.16%
2021-22	42613.15	52082.66	81.82%
2022-23 *	38142.10	46430.71	82.15%
2023-24 *	36151.31	44469.74	81.29%
2024-25	39346.97	48283.93	81.49%

Bangladesh's Apparel Export to World Value in Million USD (Fiscal Year Basis)

Year	Woven	Knit	Total RMG
2015-2016	14738.74	13355.42	28094.16
2016-2017	14392.59	13757.25	28149.84
2017-2018	15426.25	15188.51	30614.76
2018-2019	17244.73	16888.54	34133.27
2019-2020	14041.19	13908.00	27949.19
2020-2021	14496.70	16960.03	31456.73
2021-2022	19398.84	23214.32	42613.16
2022-2023 *	17817.93	20324.16	38142.09
2023-2024 *	16869.16	19282.15	36151.31
2024-2025	18187.89	21159.08	39346.97

Export Footprint Expands to 167 Markets Worldwide

Bangladesh's apparel exports now reach 167 countries, reflecting ongoing market diversification efforts that reduce dependency on any single region and enhance resilience to geopolitical or demand shocks. *BGMEA*

Global Sourcing Expo 2025 Boosts International Visibility

In December 2025, Bangladesh hosted its first Global Sourcing Expo, bringing together eight export sectors and international buyers. The event positioned the country as a diversified and reliable sourcing destination, with knitwear manufacturers in particular leveraging the platform to strengthen buyer engagement and explore new markets. *BKMEA*

Strong Backward Linkages Enhance Export Competitiveness

With 527 spinning mills, 990 textile mills, and 99 % local sourcing of accessories, Bangladesh's backward linkage industries continued to support shorter lead times and value retention—key competitive advantages highlighted by manufacturers in Q4. *BGMEA*



Employment

RMG Sector Continues to Employ Around Four Million Workers

Bangladesh's garment industry maintained employment for approximately 4 million workers, remaining one of the world's largest apparel workforces and a cornerstone of national employment. [BGMEA](#)

Women Represent the Majority of the Workforce

Women account for roughly 60 % of RMG employment, reinforcing the sector's role in women's economic participation and social mobility—an aspect frequently highlighted in Q4 industry engagements. [BGMEA](#)

BGMEA and VisionSpring Sign MoU to Provide Free Eye Screening and Glasses for 50,000 Garment Workers

BGMEA's partnership with VisionSpring, launched in December 2025, aims to provide free eye screening and glasses to 50,000 garment workers, supporting productivity and long-term workforce well-being. [BGMEA](#)

BGMEA Signs MoU with Lectra to Advance Digital Innovation and Skill Development in Bangladesh's Apparel Sector

On 28 November 2025, BGMEA has signed a Memorandum of Understanding (MoU) with Lectra, the global leader in CAD/CAM and digital solutions for the fashion and textile industry. This partnership will strengthen education, research, and skill development by integrating Lectra's advanced design and product-development technology into BGMEA's training programs for students and industry professionals. [BGMEA](#)

Labour Law Revisions Aim to Balance Representation and Stability

Updated union registration rules introduced in 2025 seek to support worker representation while maintaining predictable factory operations—an approach viewed as critical for employment stability in large-scale knitwear and apparel manufacturing. [BKMEA](#)



Wage

Labour Reforms Strengthen Wage and Safety Governance

The Labour Amendment Ordinance reinforced provisions on occupational safety, worker welfare, and labour governance, complementing Bangladesh's ratification of all ILO fundamental conventions. These reforms aim to strengthen wage protection and workplace standards across export manufacturing. *ILO, BKMEA*

Easing Inflation Supports Real Wage Stability

With inflation declining through Q4, pressure on real wages moderated slightly. While cost challenges remain, the trend provided cautious relief for workers and improved predictability for employers managing payroll and compliance costs. *The Business Standard*

Industry Emphasises Productivity-Linked Wage Sustainability

Both BGMEA and BKMEA members increasingly framed wage sustainability around productivity gains, skills upgrading, and technology adoption—positioning wages as part of a broader competitiveness strategy rather than a standalone compliance issue. *BGMEA, BKMEA*



Other/Legal

Responsible Business Hub Strengthens Due Diligence Readiness

BGMEA, with support from GIZ, expanded its Responsible Business Hub in Dhaka and Chattogram, offering hands-on support to factories on due diligence, compliance, and regulatory preparedness.

[RBH BGMEA](#)

Structured Sustainability Reporting Gains Traction in Knitwear Sector

BKMEA launched a Sustainability Reporting Initiative, signing MoUs with four member factories to pilot data-driven ESG disclosures. The initiative reflects rising buyer expectations for verified sustainability information. *BKMEA*

Circular Economy and Recycling Initiatives Scale Up

Q4 saw continued progress on pre-consumer textile waste recycling and circularity projects, including initiatives such as SWITCH2CE and CREATE, positioning Bangladesh to participate more actively in circular fashion value chains. *BGMEA*

Digitalisation and Skills Development Support Legal and Commercial Readiness

MoUs such as the BGMEA–Lectra partnership advanced digital product development and skills upgrading, supporting productivity, compliance, and long-term competitiveness. [BGMEA](#)



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China

中国



Q4 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)

267.8 Billion

(2025)

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

~3,790,000 MW



[Government source](#)

Energy Cost (US Cents/kWh)

8.8 Cents / kWh

U.S. Reciprocal Tariff

10% (Baseline)
+ 20-60% Trump,
Up to 37% Total



Building on Section 301 duties (2018-ongoing) with new layers like "Liberation Day" (34%–10%), Fentanyl (20%–10%), and Section 232 hikes (up to 50% on steel/auto/copper). Effective rates averaged 29.3% by Nov 2025 after a US-China deal reduced some peaks from 37.1%, with stacking across categories; delays/phasing tied to negotiations (e.g., Kuala Lumpur Oct 2025).

GDP (USD)

19.4 Trillion

(2025, [IMF](#))

GDP Growth Estimate (%)

4.4%

 (2026, [WB](#))



Politics

China Manufacturing Activity Ends Long Contraction in December 2025

In December 2025, official data showed China's manufacturing activity expanded for the first time in eight months, with the manufacturing PMI climbing to 50.1, reflecting modest output and new orders growth as firms stockpiled ahead of Lunar New Year and some trade tensions eased. However, while larger enterprises saw improved output, small and medium manufacturers — significant for textile and garment employment — remained under pressure, and weak consumer demand persisted. [AP News](#)

China's Apparel Market Shows Retail Growth Despite Export Headwinds

In November 2025, China Daily reported that domestic apparel retail sales grew by 7.5 % year-on-year, indicating resilient consumer demand in the face of export pressures and wider economic uncertainty. Analysts noted that while overseas orders remained subdued in some export categories, strong retail performance at home — especially in mid-market segments — provides manufacturers with an alternative growth channel. Rising income levels and seasonal demand contributed to robust domestic apparel sales, underscoring how internal consumption is increasingly helping offset external trade volatility. [China Daily](#)

Central Authorities Reframe Textiles as a Stability Anchor Rather Than a Growth Driver

In Q4 2025, China's central policy messaging increasingly positioned the textile and apparel sector as a pillar of economic and employment stability, rather than a primary growth engine. Official and industry-aligned commentary emphasised the need to prevent disorderly capacity expansion while protecting industrial continuity in a period of weak global demand. This shift reflects recognition that traditional export-driven growth has reached structural limits. Instead, policymakers prioritised stabilising output, safeguarding jobs, and preserving value chains. The sector's role in regional employment and social stability remained a core justification for targeted support. [CNTAC](#)



Exports

November 2025 Textile Export Growth & Apparel Export Decline

China's official trade monitoring reported that China's textile and apparel exports in November 2025 totalled about USD 23.87 billion, with the overall year-to-November figure around USD 267.79 billion — a modest –1.9 % year-on-year change. Notably, textile exports (fabrics and related goods) grew ~1 % in November even as garment exports remained weaker, illustrating export resilience in intermediate supply items. From January to October 2025, apparel exports declined by 3.8% year-on-year, according to CNTAC statistics. This contraction was larger than the overall sector average. The data were included in Q4 export performance reporting. CNTAC reports that textile exports (including yarns, fabrics, and fibres) increased by 0.9% year-on-year during the same January–October period. Textile products accounted for 48.3% of total textile and apparel exports. These figures were highlighted in Q4 export structure analysis. *CNTAC, [Sina Finance](#)*

Export Declines Show Early Signs of Stabilisation

The narrower decline in late 2025, especially in textile categories, reflects improved buyer expectations and early effects of U.S.–China tariff adjustments that lowered certain rates in November 2025. These adjustments helped narrow China's tariff premium relative to competing suppliers, offering some export support in the critical year-end shipments period. *[Sina Finance](#)*

Cumulative Export Figures Indicate Continued Structural Shifts

China's cumulative textile and apparel export data through November confirmed stable performance trait: textile (intermediate) categories broadly maintained modest growth, while finished apparel exports remained under pressure. This pattern points to China's evolving role in global value chains as both supplier of intermediate textile inputs and apparel manufacturer adapting to changing global demand. *[CNGA](#)*

Domestic Retail Sales of Apparel and Textiles Increase as Online Sales Grow

CNTAC reports that domestic retail sales of clothing, footwear, hats, and textiles reached 1.205 trillion yuan, representing 3.5% year-on-year growth. And Online retail sales of apparel increased by 3.6% year-on-year, according to CNTAC data. The figures reflect combined online platform performance during the reporting period. These figures were included in Q4 domestic market reporting. *CNTAC*



Employment

Labour Market Signals Mixed in Late 2025

China's latest PMI and export data suggest employment pressures remain in structurally weak segments of the manufacturing sector, including aspects of textile and apparel where small and medium enterprises dominate. Although larger producers saw output increases in December, smaller firms continued contraction, implying uneven job prospects within the industry. [AP News](#)

SME Employment Softens Amid Structural Export Pressures

December PMI and private PMI surveys reported continued contraction in employment for smaller firms in late 2025, even as larger factory output improved slightly — a dynamic relevant for labour planning in textile and related sectors. [Reuters](#)

Domestic Demand Policy Aims to Support Jobs

The expanded consumer trade-in subsidy (linked to Q4 policy announcements) is designed in part to stimulate domestic consumption and reinforce employment across manufacturing and retail sectors into 2026. [Reuters](#)



Wage

Wage Dynamics Reflect National Manufacturing Mixed Signals

There were no major statutory wage changes specifically targeting the textile and garment sector announced in Q4 2025. However, with December's modest GDP manufacturing uptick and weakening consumer demand, enterprises are balancing labour cost pressures with competitiveness imperatives — particularly as market uncertainty persists. Firms are increasingly focusing on technology adoption and productivity improvements to mitigate wage cost impacts rather than relying on industry-specific policy changes. [AP News](#)

China Adjusts Minimum Wages Across Regions to Reflect Cost Pressures

In Q4 2025, China's wage landscape remained shaped by regional minimum wage adjustments rather than a single national rate, with provinces and municipalities updating their minimum wage schedules in response to local living costs and labour market conditions. These adjustments varied significantly across regions — for example, major coastal economic zones continued to offer higher minimum wage floors compared to interior provinces — reflecting efforts to balance labour cost pressures with workforce retention. While not specific to the textile sector, these regional wage frameworks influence labour cost structures in manufacturing hubs and shape employer compensation strategies for garment and textile factories. [China Briefing](#)



Other/Legal

International Apparel Sourcing & Trade Conference Bolsters Industry Dialogue in Beijing

In November 2025, China hosted the 2025 International Apparel Sourcing & Trade Conference in Beijing, bringing together government officials, global brands, textile manufacturers, and supply-chain stakeholders to strengthen international cooperation and explore new market opportunities. The event featured high-level panels on sustainability, digital transformation, and export diversification — reflecting industry priorities amid shifting global demand and tariff pressures. Attendees highlighted China's central role in global apparel and textile sourcing networks, particularly in promoting innovation, technology adoption, and supply-chain linkages across Asia and beyond. The conference's timing in Q4 underscored the sector's commitment to collaboration as it prepared for 2026 strategies. [*China Daily*](#)

China Strengthens Trade Partnerships Amid Global Economic Uncertainty

In December 2025, Global Times reported on China's renewed efforts to deepen economic and trade cooperation with key partners, including ASEAN countries and Middle Eastern markets, as part of broader diplomacy to counter slowing external demand and bolster industrial export resilience. Officials highlighted the importance of expanding trade routes, enhancing logistics connectivity, and aligning production clusters — especially in textiles, garments, and footwear — with regional value chains. The messaging reflected China's strategy to combine market diversification with infrastructure cooperation, including leveraging Belt and Road frameworks to secure smoother export pathways and investment flows as the year closed. For textile manufacturers, strengthened multilateral ties and export facilitation policies contribute to improved market access and supply chain predictability into 2026. [*Global Times*](#)



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Cambodia

កម្ពុជា



Q4 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, Footwear Export

14.34 Billion

(USD)

Garment sector largest employer; dependent on preferential trade agreements

Total Workforce in GFT

~1 Million

% Women in Workforce

~80%

Top Export Destinations



Key Trade Agreements

Notable Trade Agreements include:

Preferential Trade Treatment: EU, UK, Canada, Japan, ANZ.

FTAs: CPTPP, 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)

48.8 Billion

(2025, IMF)

GDP Growth Estimate (%)

4.3% (2026)

 **Politics**

US-Cambodia Reciprocal Trade Agreement Advances Export Framework

In October 2025, the United States and Cambodia reached a reciprocal trade agreement that eliminates tariffs on U.S. industrial and agricultural goods entering Cambodia, while maintaining a 19 % reciprocal tariff for Cambodian outbound products, including garments. This pact aims to strengthen bilateral trade cooperation and streamline non-tariff barriers, potentially boosting investor confidence and export diversification. Cambodia's commitment to labour and environmental standards as part of the pact could further support compliance and market credibility for exporters. [United States Trade Representative](#)

Cambodia's CPTPP Membership Bid Signals Strategic GFT Shift

In December 2025, Cambodia formally applied for Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) membership, targeting tariff-free access to a \$15 trillion market across 12 high-income economies by 2027, marking a quiet but crucial pivot to diversify garment, footwear, and textile exports beyond traditional US and EU reliance. This strategic move promises rules-of-origin flexibilities for Asian yarns, potentially lifting GFT shipments by 20-25% through enhanced market credibility and supply chain integration for 650 factories. Amid concurrent Thai border tensions disrupting \$180M in textile inputs, government rebates and Vietnamese rerouting preserved Q4 export momentum, underscoring the bid's timely resilience for sector growth. [BetterCambodia](#)

Cambodia-Thailand Ceasefire Agreement Halts Border Clashes

In December 2025, Cambodia and Thailand agreed to a bilateral ceasefire effective December 27 along their disputed border, freezing troop positions, prohibiting reinforcements, and facilitating civilian returns after weeks of deadly skirmishes. Mediated by China and the US with ASEAN oversight, the deal includes demining operations and phased soldier releases, as confirmed by Thailand freeing 18 Cambodian troops held since July. While Cambodia alleges minor breaches, the truce marks de-escalation from the July 2025 crisis triggered by territorial disputes. [BBC](#)



Exports

Cambodia's GFT Exports Reach New Record of Over US \$14 Billion in First 11 Months of 2025

Cambodia's garment, footwear, textile and travel goods (GFT) sector delivered a standout performance through November 2025, with total export revenues topping US \$14.35 billion — a significant year-on-year increase that highlights robust external demand for Cambodian products as global supply chains diversify. The figure reflects the combined impact of strong shipments to key markets, including the United States, the European Union, and ASEAN partners, as well as expanded capacity among more than 1,500 factories nationwide. Analysts noted that this export milestone not only reinforces the GFT industry's position as Cambodia's largest foreign exchange earner but also signals sustained resilience despite tariffs and shifting trade dynamics. Rising investment from China, South Korea, and Japan has further supported manufacturing expansion, pointing toward continued growth in 2026. [Xinhua](#), [TAFTAC](#)

GFT Sector Export Data, November 2025

(Value in Thousand US \$)

No.	Commodity (Chapter)	January - November				Change
		2024		2025		
		Value	Share	Value	Share	
1	61 - Knitted Apparel	6,105,770	25.4%	7,173,373	26.2%	▲17.5%
2	62 - Woven Apparel	2,832,550	11.8%	3,285,821	12.0%	▲16.0%
3	64 - Footwear	1,507,904	6.3%	1,905,532	7.0%	▲26.4%
4	42 - Travel Goods and Bags	1,879,667	7.8%	1,975,675	7.2%	▲ 5.1%
Total GFT Export for the 11 months of 2025 are 14,340,401 Billion						

Source: TAFTAC, December 2025

Cambodia Apparel Exports Grow 17% in Jan-Nov 2025 Amid Global Recovery

In January–November 2025, Cambodia's apparel exports rose 17.01% year-on-year to around \$10.458 billion, driven by stronger international demand and competitive positioning despite global supply chain challenges. November saw seasonal softening with knitted apparel exports falling 5.2% to \$540 million and non-knitted apparel declining 8% to \$480 million, reflecting order normalization by major brands. Supporting this growth, imports of knitted fabrics increased 12.3% to \$1,250 million while man-made fibres rose 4.8% to \$850 million and cotton yarn grew 7.1% to \$420 million, signaling robust production continuity into year-end. [Fibre2Fashion](#)



Employment

Cambodia GFT Sector Employment Reaches 1 Million Workers by Q4 2025

Cambodia's garment, footwear, textile, and travel goods industry employed about 1 million workers by December 2025, reflecting a notable year-on-year increase from earlier figures of 918,000 in 2024 across 1,555 factories. Reportedly, this growth absorbed Thai migrant returnees through fast-track programs, with Sihanoukville adding a slew of posts amid US trade optimism, while women comprised more than 80% of the workforce per prior surveys. The sector's expansion to over 1,800 firms supports 2.5-3 million indirect jobs, maintaining stability despite global pressures and minimum wage adjustments to \$210/month for 2026. *Eurocham, TAFTAC*

New Pilot Project Aims to Improve Workers Safety During Commute

Pilot project to improve workers' trucks, focusing on having proper seats - not standing. No strict policy for nation-wide implementation but there's a step by step improvement and campaign drive starting from Bavet, Svay Rieng province. There's a target timeline of end 2027, by which no worker should stand commuting to work and back home. Modify the truck to have seat to

1. Improve road safe with more balance truck movements and
 2. Provide comfortability to workers reducing their fatigue due to long standing time on the road.
- TAFTAC*

Reintegration Underway for Returning Migrant Workers

As of late November 2025, approximately 920,000 Cambodian migrant workers had returned from Thailand following July border clashes, with government data showing only 21% securing jobs by August despite pledges of 70,000+ positions. Civil society reports from October highlight persistent hunger, joblessness, and microfinance debt burdens, as 80% of returnees come from land-poor rural households facing limited local opportunities. While the Ministry of Labor reports 340,000 placements by November including informal roles, experts note geographic mismatches with most jobs in Phnom Penh versus returnees in border provinces like Banteay Meanchey. [*ADHOC*](#)



Wage

Cambodia GFT Minimum Wage Rises to \$210 in Positive Step Forward

Cambodia's Ministry of Labor announced a new minimum wage of \$210 per month for garment, textile, footwear, travel goods, and bag sector workers effective January 2026, up from \$208 following constructive tripartite consultations. This adjustment supports 928,000 workers across 1,800 factories while maintaining Cambodia's competitive edge amid 4.2% inflation, with unchanged benefits including \$7 transport allowance, \$10 attendance bonus, \$0.50 daily meal support, and \$2-11 seniority pay. The measured increase reflects balanced stakeholder collaboration, fostering workforce stability and sustained sector growth into 2026. [DFDL](#)

Cambodia Forges New Benchmark as Brands Sign Binding Wage Deal for Garment Workers

In late 2025, leading global brands including H&M Group, Primark, and PVH signed a landmark binding agreement to support collectively bargained wages in Cambodia's garment, textile, footwear, and travel goods industry, establishing a structured framework for factory-level negotiations. This pact commits signatories to engage with unions and manufacturers through the ACT program, promoting fair wage progression beyond the \$210 monthly minimum effective January 2026, while strengthening industrial relations, dispute resolution, and skills development. The initiative sets a precedent for responsible sourcing, enhancing worker livelihoods and supply chain stability amid global demands for living wage accountability. [Textile Today](#)



Other/Legal

Cambodia Advances Renewable Energy with 900MW Wind Pipeline

Cambodia plans to commission its first 150MW wind power plant in Mondulkiri province by 2026 through agreements with HK Oasis Power and Leader Energy, part of six projects totaling 900MW capacity to integrate wind into the national grid. Currently at 60% renewables from solar and hydro (within 5,000MW total capacity), this supports the 70% clean energy target by 2030 and carbon neutrality by 2050, with ADB funding grid upgrades for reliable transmission. These developments enhance energy affordability and attract green investments, positioning Cambodia as an ASEAN renewable leader. [B2B Cambodia](#)

Cambodia Clean Energy Gains in 2025 Set Positive Course for 2026

Cambodia achieved notable clean energy progress in 2025, reaching 60% renewable penetration through expanded solar and hydro capacity within its 5,000MW national grid, as highlighted during Clean Energy Week events. The government commissioned key projects advancing the 70% renewable target by 2030, including grid integration preparations for 900MW wind power and a new Cambodia Climate Financing Facility expected to unlock \$350 million in sustainable investments. These developments enhance energy affordability for GFT factories, strengthen industrial competitiveness, and position Cambodia as an ASEAN green energy leader heading into 2026.

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
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Quarterly Roundup

Myanmar

မြန်မာ



Q4 2025

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)

2.1 Billion

(2025)

8.6% year on year growth from 2024

Total Workforce in GFT

~463K

% Women in Workforce

87%

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)

60.46 Billion

(2025, IMF)

GDP Growth Estimate (%)

3%

(2026, WB)



Politics

2025 International Textile & Machinery Fair Boosts Industry Visibility

The 2025 Myanmar International Textile and Machinery Fair was held in Yangon in early December 2025, bringing together exhibitors and industry leaders from Myanmar, China, and ASEAN. Organised collaboratively by the Chinese Textile & Garment Association in Myanmar (CTGA) and the Myanmar Garment Manufacturers Association (MGMA), the three-day event aimed to strengthen business cooperation, deepen regional trade linkages, and support the long-term development of Myanmar's garment and textile sector. [Xinhua](#)

Industry Seeks Local Raw Material Processing to Reduce Import Dependency

Late in Q4, sector advocates highlighted the need for local raw material processing capacity to reduce reliance on imported inputs such as fabrics, buttons, and zippers. The Chinese Textile and Garment Association in Myanmar noted that only about 5 % of materials are locally sourced, and expanded domestic processing would help stabilise costs, conserve foreign exchange, and enhance supply-chain resiliency. [Global New Light of Myanmar](#)



Exports

U.S. Tariffs Continue to Suppress Garment Orders and Exports

Myanmar's garment exporters faced significant headwinds in Q4 as U.S. tariffs set at 40 % took effect on August 1, 2025, substantially increasing the cost of Myanmar-made apparel entering the U.S. market. The tariff change — one of the largest for any apparel producer in the region — contributed to sharp reductions in factory orders, with buyers cutting commitments in late Q3 and early Q4.

Myanmar garment sector sees 9% export growth in H1 2025-2026FY

Myanmar's garment export sector experienced a 9% growth in the first half of the 2025–2026 financial year compared to the previous year. The industry currently operates under a Cutting, Making, and Packaging (CMP) model, attracting major orders from the European Union, Japan, Korea, the US, and China. As a leading export earner and a vital contributor to the national GDP, the sector remains a cornerstone of Myanmar's manufacturing economy. While the CMP system also extends to products like footwear and electronics, industry leaders are actively working to transition the garment sector toward a full production model. This strategic shift aims to further enhance the country's economic development and manufacturing capabilities. [*Global New Light of Myanmar*](#)

Factory Closures Reported Across Yangon Industrial Zones

Export contraction driven by tariff impacts was reflected in multiple factory closures in Q4 2025. Several garment and related apparel facilities in Yangon's industrial areas — including Hlaing Tharyar and Shwepyithar townships — shut operations or scaled back, citing sharply drop orders from the U.S. market and rising production costs. [*Fibre2Fashion*](#)

Exporters Pivot to Alternative Markets Amid Tariff Disruption

Industry reports throughout Q4 confirmed that Myanmar firms are actively seeking to diversify export markets beyond the U.S., with increased focus on Japan, South Korea, the EU, and regional partners. Though order volumes to the U.S. remained suppressed, some exporters reported renewed interest and partial recovery in Asia-Pacific and European buyers willing to source CMP (cut-make-pack) garment products. [*Business & Human Rights Centre*](#)



Employment

Workforce Resilience: 463,355 Workers in Garment Sector Solidifies Sector's Role as Driver of Female Employment

The industry remains the nation's primary vehicle for formal employment for over 463,355 workers within which particularly for women who make up over 87% of the workforce. As of early 2026, associations highlight that the sector supports nearly one million workers, serving as a critical social stabilizer for internal migrants. Despite significant challenges regarding labor rights and factory-level compliance reported by monitoring groups, industry leadership is focused on upskilling this youthful demographic. Through the MADE in Myanmar initiative, associations are rolling out training modules to prepare workers for the technical demands of modernized, solar-powered production lines.

Industry Expands Labour Compliance Coverage and Skills Training Initiatives

In Q4 2025, industry stakeholders reaffirmed a target of 100% Voluntary Labour Compliance Assessment (VLCA) coverage across member factories, aiming to strengthen labour standards and transparency. Parallel efforts continued to expand skills training programmes with a focus on social auditing, occupational safety and health (OSH), and labour law literacy. Additionally, Protection from Sexual Exploitation and Abuse (PSEA) remained a core element of labour compliance frameworks, with specific emphasis on safeguarding a workforce comprising more than 400,000 female workers. These initiatives were highlighted as part of sector-wide labour governance updates during the quarter.

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.



Wage

Wage Reform: Myanmar Sets New Combined Minimum Daily Wage at 7,800 MMK

In a decisive move to align private-sector compensation with rising living costs, the National Committee for Determining the Minimum Wage issued [Notification No. 1/2025](#) on October 14, 2025. This regulation introduced a new 1,000 MMK daily allowance, which—when added to the existing base wage and prior allowances—brings the total daily minimum to 7,800 MMK (approx. \$3.71 USD). Industry associations view this retroactive increase (effective October 1) as a vital step in maintaining workforce stability and supporting employee welfare across all enterprises employing ten or more workers.

Technical Compliance: Base Wage Maintained at 4,800 MMK for Overtime Calculations

While the total daily take-home pay has increased, industry bodies have clarified that the statutory base wage remains fixed at 4,800 MMK for the purposes of calculating [overtime and social security contributions](#). Associations emphasize that this structure allows factories to provide necessary cost-of-living support to workers while maintaining manageable operational overhead in a highly competitive global market. This distinction is presented as a balanced "middle path" that protects both the [livelihoods of the nearly one million workers](#) and the continued solvency of manufacturing units during a period of economic transition.

Myanmar Garment Sector Maintains Minimum Wage Structure with Daily Allowances

During Q4 2025, Myanmar's garment sector continued to apply a minimum wage structure combining base pay with daily allowances of 1,000 kyat. The wage framework was referenced as part of ongoing industry coordination on labour standards and factory compliance. This structure remains a central component of worker compensation across garment manufacturing facilities. The update was presented alongside broader labour compliance and workforce protection measures.

Fiscal Update: 5% Commercial Tax Re-introduced for CMP Garment Exports

In a significant shift for the industry's financial landscape, the Ministry of Planning and Finance issued [Notification 116/2025](#) in October 2025, which abolished long-standing tax exemptions for the "Cut, Make, and Pack" (CMP) sector. As of October 1, 2025, garment exporters are now subject to a 5% Commercial Tax, a move that industry leadership is currently navigating by advocating for increased production efficiency. This policy change is being framed as a catalyst for the industry to accelerate its [transition toward a full production \(FOB\) model](#), which offers higher value-add and greater long-term economic independence.



Others/Legal

Strategic Roadmap: MGMA Targets \$15 Billion Industry by 2034

The Myanmar Garment Manufacturing Association (MGMA), has officially launched a bold 10-year strategic plan (2025–2034) aimed at transforming the sector into a world-class manufacturing powerhouse. A central pillar of this strategy, emphasized in late 2025, is the urgent transition from the basic "Cutting, Making, and Packaging" (CMP) model to a high-value "Full Production" (FOB) model. By courting international investment to localize the production of raw materials like high-grade fabrics and accessories, the industry aims to stabilize the national currency and double its annual export value to \$15 billion over the next decade.

Industrial Resilience: Solar Power as a Survival Tool Amid Grid Collapse

With the national power grid struggling to provide more than a few hours of electricity per day in major industrial zones, associations are positioning solar energy as the key to maintaining production schedules. As of Q4 2025, industrial-scale solar adoption has surged because it offers up to 65% energy cost savings compared to expensive diesel generators. For garment factories, which typically feature large, single-story rooftops, solar photovoltaic (PV) systems are being promoted by the MADE in Myanmar project as a high-return investment with a payback period of less than five years.

Green Modernization: Decarbonizing the "Made in Myanmar" Brand

Beyond mere survival, industry bodies like the MGMA are leveraging renewable energy to align with the sustainability mandates of major international retailers. As part of the 2025–2034 Strategic Plan, the association is encouraging members to adopt "cleaner" production methods to meet the H&M Group's 2030 climate-neutral goals and other EU sustainability requirements. This "second modernization" involves not just rooftop solar, but also transitioning to biomass boilers (using rice husks) and steam condensate recycling systems. These efforts are designed to ensure that Myanmar's garment products remain attractive to eco-conscious global buyers who utilize the Higg Index to score factory environmental performance.

Member Insights: MGMA's Future Strategic Outlook

"Improved political stability is expected to serve as a catalyst for a new wave of Foreign Direct Investment (FDI), securing Myanmar's position as a critical node in the global textile supply chain."



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Pakistan

پاکستان



Q4 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)

~17.93 Billion (2025)

Figure from PTEA report, growth of 2.81%

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)

~12.8 Cents / kWh

U.S. Reciprocal Tariff

19%

Effective August 1st, 2025

Trade deal reached, tariff rates in full effect

GDP (USD)

410.5 Billion (2025, IMF)

GDP Growth Estimate (%)

3.6% (2026, IMF)

 **Politics**

Commerce Ministry Finalises 5-Year Textile & Apparel Policy for ECC Review

In November 2025, Pakistan's Ministry of Commerce finalised a draft five-year Textile and Apparel Policy (2025–30) aimed at boosting export performance and aligning with export targets set under broader trade development initiatives. The draft was prepared for submission to the government's Economic Coordination Committee (ECC) after incorporating feedback from inter-ministerial consultations, indicating a coordinated policy development process. The policy envisions achieving up to USD 29.381 billion in annual exports by focusing on "Made in Pakistan" initiatives, export diversification, and capacity building. Reports from Q4 emphasised that this policy will guide public-private engagement on trade facilitation, supply-chain support, and industrial competitiveness. The initiative represents one of the most comprehensive sector-level policy efforts in recent years and was prominent in industry discussions during the quarter. [Brecorder](#)

Business Confidence among Pakistan Firms Eases in Q4 2025

A Gallup Pakistan Business Confidence Index (BCI) report published in November 2025 showed that business confidence weakened in Q4 2025 compared with earlier in the year, although overall confidence remained above the prior year's levels. The survey reported softer views on current economic conditions, expectations about the future, and overall national direction, with implications for investment and operating decisions among manufacturers. Textile sector stakeholders interpret these sentiment changes as reflective of broader economic conditions, including trade and policy uncertainties. While the BCI does not isolate textile firms, it is widely used as a barometer of industrial and commercial risk perceptions affecting export-oriented industries. The decline in confidence was discussed in business media as part of the quarterly economic outlook. [Profit](#)

Policy Uncertainty and Tax Issues

The government's introduction of an 18% sales tax on imported cotton and yarn in the 2025/26 budget created extra financial burden. While the tax is refundable for exports, delays in processing refunds tie up critical cash flow for manufacturers already operating on thin margins.

Policy Dialogue on Energy and Export Incentives Continues Amid Industry Pressures

Throughout Q4, formal and informal dialogues between industry associations and policymakers continued to reference energy costs, logistics, and export facilitation mechanisms, particularly in the context of the new draft textile policy. Industry groups have been vocal about structural challenges such as tariff competitiveness, input pricing, and regulatory processes that they argue need to be addressed in policy frameworks. Although not all dialogues have been widely covered in national news, discussions permeated sector briefings and were central to stakeholder meetings in late 2025. These dialogues shaped the narrative around competitiveness and policy reform priorities documented throughout the quarter. As Pakistan finalised its textile policy draft, these themes remained recurrent in trade coverage and industry commentaries.



Exports

Pakistan's Exports Decline 20.41% in December; PHMA Raises Concern Over Prolonged Downturn

Pakistan's merchandise exports declined sharply by 20.41% in December 2025, falling to \$2.317 billion compared to \$2.911 billion in December last year, according to data released by the Pakistan Bureau of Statistics (PBS). This decline marks the fifth consecutive month of negative export growth in the current fiscal year, signaling sustained pressure on the country's external trade performance.

On a month-on-month basis, exports contracted by 4.26% in December, reflecting a continuing downward trend. Exports have remained on a declining trajectory since August 2025, except for July, which recorded a year-on-year growth of 16.43%. Subsequent months witnessed consistent declines, including 12.49% in August, 3.88% in September, 4.46% in October, and 14.54% in November.

During the first half of FY2025 (July–December), Pakistan's export earnings dropped by 8.70%, amounting to \$15.184 billion, compared to \$16.631 billion in the corresponding period of the previous year.

The Pakistan Hosiery Manufacturers & Exports Association (PHMA) has expressed serious concern over the prolonged decline, particularly for the textile and hosiery sector, which remains the backbone of Pakistan's exports. PHMA attributes the downturn to high energy tariffs, increased cost of doing business, liquidity constraints, and subdued global demand, which have significantly eroded exporters' competitiveness in international markets.

While overall export proceeds for FY2024–25 recorded a cumulative growth of 4.67%, reaching \$32.106 billion compared to \$30.675 billion last year, PHMA cautions that the current persistent negative trend poses a major risk to achieving sustainable export growth.

PHMA urges the government and relevant policymakers to urgently engage with export-oriented industries, review cost structures, and introduce targeted relief measures to stabilize exports, safeguard employment, and restore momentum in the country's external trade.



The Bright Spots: Promising Developments

Value-Added Segment Growth

The most encouraging trend is Pakistan's shift toward value-added textile products rather than basic yarn and fabric. FY 2025 tells a compelling story:

- Knitwear exports hit an all-time high of \$5.01 billion.
- Readymade garments showed strong double-digit growth of 11.07%.
- Bedding and home textiles expanded their global footprint

This matters enormously. Selling finished garments generates significantly higher revenue and profit margins than exporting raw yarn.

Stable Cotton Prices After Years of Volatility

One of the biggest headaches for Pakistani textile manufacturers has been unpredictable cotton prices. When raw material costs swing wildly, it's nearly impossible to quote consistent prices to international buyers or plan production efficiently. Recent months have brought welcomed stability. As of late 2025, cotton prices across Pakistani markets have held steady.

Return of Buyers

The most tangible sign of confidence comes from the behavior of international buyers. Fashion brands and retailers are placing orders with Pakistani manufacturers for Fall-Winter 2026 and Spring-Summer 2027 collections. Several factors are driving this renewed interest:

- U.S. Tariff Situation: Increased tariffs on Chinese goods have buyers looking for alternatives. Pakistan, despite its challenges, offers an established manufacturing base with fewer geopolitical complications than China.
- Sustainability Credentials: Pakistani manufacturers' investments in GOTS certification, OEKO-TEX standards, and Better Cotton Initiative membership appeal to brands facing pressure to prove their sustainability claims.
- Experience with Pakistan: Unlike emerging textile markets, Pakistan has decades of experience working with major international brands. Buyers know what to expect in terms of quality, communication, and capability to handle large orders.

Renewable Energy Adoption

While high energy costs remain a problem, progressive Pakistani textile mills are taking matters into their own hands. Leading manufacturers have installed:

- Rooftop solar arrays generating 5-10 megawatts per facility.
- Biomass boilers using agricultural waste instead of natural gas.
- Energy-efficient LED lighting and variable-frequency drives on motors.

Some mills report covering 40% of their peak electricity consumption through renewable sources. This not only reduces costs but also appeals to environmentally conscious international buyers who track their supply chain carbon footprints.



Government Policy Reforms

Government positive policy changes are materializing. The movement in the right direction, something the industry desperately needed.

Strategic Trade Fair Participation

Pakistani textile manufacturers are increasing their presence at crucial international trade exhibitions:

- Heimtextil (Frankfurt) – World’s largest home textile fair
- Texworld (Paris, New York) – Fashion fabric sourcing event
- Techtexil (Frankfurt) – Technical textiles exhibition
- Texprocess (Frankfurt) – Textile processing technology
- Intertextile (Shanghai) – An Eminent Textile and Fabric Exhibition

These platforms connect Pakistani suppliers directly with thousands of international buyers, designers, and brands. Face-to-face interactions at these events often lead to long-term business relationships that email exchanges or video calls can’t replicate.



The Realistic Path Forward

Pakistan's textile industry is learning to compete differently on quality, sustainability, specialization, and reliability rather than just price. It's investing in renewable energy, obtaining international certifications, and moving up the value chain toward finished products.

International buyers planning their FW26 and SS27 seasons are voting with their orders, returning to Pakistani suppliers they trust. Cotton prices have stabilized, providing the predictability manufacturers need. Profitability projections show dramatic improvement.

For the millions of Pakistanis whose livelihoods depend on textiles, from cotton farmers to factory workers to exporters, these aren't just statistics. They're real hope for continued employment, gradually improving conditions, and sustainable futures.

The textile industry that emerges from this challenging period will look different from the one that dominated Pakistan's economy for decades. It will be smaller in relative terms, more sophisticated in capabilities, and more focused on where it can truly compete.



Employment

Textile Sector Remains Central to Employment Despite Export Contractions

Trade authority reporting from November 2025 confirmed that textile and leather exports, even when declining monthly, continued to constitute the largest share of Pakistan's merchandise exports. This sector dominance implies sustained employment relevance in Q4, as textiles and leather combined accounted for over 60% of total goods exports during the period. Employment in associated manufacturing, logistics, and supply-chain operations remained substantive throughout 2025. While precise employment figures in Q4 news releases were not published, this export share provides a basis for understanding sector employment importance in the quarter. INP

Factory and Production Adjustments Reflect Sectoral Uncertainty

Reports from October 2025 noted that some manufacturing units, including parts of the export apparel segment, have closed operations due to high operating costs and competitive pressures. These closures were reported in the context of export industry warnings about costs, reduced orders, and structural competitiveness challenges in the quarter. Such changes in manufacturing operations have direct implications for employment and workforce continuity within regions reliant on textile and apparel factories. Profit

Sector Liquidity and Investment Environment Affect Hiring Conditions

The Gallup Pakistan Business Confidence Index indicated a decline in sentiment about current conditions and expectations in Q4, which is typically associated with slower hiring and investment decisions. While not a sector-specific employment figure, the broader business environment signal suggests hesitancy among firms regarding workforce expansion amid cost and demand uncertainties. Profit



Wage

Textile Industry Continues to Warn of Rising Costs, Export Pressures

A Profit by Pakistan Today article from October 2025 captured statements from industry leaders including PTC Chairman Fawad Anwar and Karachi Chamber of Commerce's Javed Bilwani warning that high energy costs, infrastructure gaps, and policy changes such as Export Facilitation Scheme termination are weakening the sector's cost competitiveness. The commentary noted that some export units have already shuttered operations due to sustained losses from rising input costs, taxation, and stiff regional competition. While this reporting falls just into Q4 (October), it represents direct industry voices on cost pressures affecting wages and overall operating conditions. These pressures were reported as impacting employment conditions and cost structures across textile supply chains late in the year. [Profit](#)

Economic Data Signals Shrinking Confidence Amid Cost Pressures

The Gallup Pakistan Business Confidence Index for Q4 observed weaker views among businesses regarding current economic conditions and expectations. While not limited to the textile sector, declines in business sentiment were reported alongside industry cost concerns and export volatility, suggesting broader cost and demand pressures affecting economic actors. This item is situational economic news relevant to cost and wage environment in Q4. [Profit](#)



Others/Legal

Merchandise Exports Decline Highlights Trade Deficit Pressures

Late December reporting from the Pakistan Bureau of Statistics showed that merchandise exports in H1 FY2025–26 declined by 8.7% to USD 15.184 billion, while imports rose by 11.28%, resulting in a 34.57% increase in the trade deficit to USD 19.204 billion compared with the prior year. These data illustrate broader trade balance pressures in Q4, consistent with monthly declines in export flows. [DailyTimes](#)

Sector Expansion Initiatives Include Overseas Manufacturing Investments

Interloop's announcement in October 2025 of a USD 35 million manufacturing plant in Egypt's Suez Canal Economic Zone was widely covered in Q4. The facility aims to shorten supply chains and reduce costs, targeting exports to the U.S., Europe, Africa, and the Gulf. While not a domestic policy item, this investment reflects evolving trade and logistics strategies among Pakistani textile firms in Q4. [Arabnews](#)

Continued Draft Policy Development Frames Export Strategy to 2030

The five-year Textile and Apparel Policy draft prepared for ECC review reflects ongoing legislative and strategy efforts in Q4 to frame the sector's development through 2030, including export targets, promotional schemes, and structural support measures. These efforts signify the government's engagement with industry stakeholders and long-term planning in the trade and legal domain. [Brecorder](#)



STAR
Sustainable Textiles of
the Asian Region

Quarterly Roundup

Vietnam

Việt Nam



Q4 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 195

Key Sectors

Key Pillars of the Economy:

Electronics



Garments



Agriculture



Garment & Textile Export (USD)

46 Billion

(2025)

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

87,600 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)

484.73 Billion

(2025, IMF)

GDP Growth Estimate (%)

6.1%

(2026, WB)



Politics

Continued Policy Support for Textile & Apparel Supply Chain Localization

Vietnam maintained a stable political and macroeconomic environment in Q4 2025, with continued government emphasis on implementing the “Textile and Footwear Industry Development Strategy to 2030, Vision 2035.” Policy focus remained on expanding domestic fabric, dyeing, and finishing capacity to meet rules of origin requirements under EVFTA, CPTPP, and RCEP, while encouraging green industrial zones with centralized wastewater treatment. *Ministry of Industry and Trade (MOIT)*

Vietnam Aims for Strong Q4 to Meet 2025 Growth Targets

Vietnam’s leadership has emphasised the importance of robust Q4 2025 GDP growth — particularly in manufacturing — to achieve an overall expansion of over 8 % for the year. This momentum is integral for key export sectors such as textiles and garments, underpinning employment, investment, and industrial confidence as the year closes. *Fibre2Fashion*

Vietnam Manufacturing Tracker Signals Sector Resilience

Latest results from the Vietnam Manufacturing Tracker show continued industrial activity amidst broader economic challenges through Q4 2025. Supported by policy initiatives, infrastructure, and strategic positioning in global supply chains, Vietnamese manufacturing — including textiles — remains a key driver of growth and investor confidence. *Vietnam Briefing*



Exports

Textile & Garment Exports Reached USD 46 Billion in 2025, Strong Q4 Momentum

Vietnam's textile and garment exports were estimated at USD 46.0 billion in 2025, up 5.6% year-on-year, supported by a recovery in key markets during Q4. Garment exports accounted for nearly 80% of total value, while fabric and textile inputs continued to grow, reflecting. [VITAS](#)

Trade Surplus Expanded to Record High

The sector's trade surplus was estimated at USD 21.0 billion in 2025, the highest on record, driven by export growth outpacing imports and improved domestic sourcing of inputs. Local value-added ratio reached approximately 51–52%, up more than 4 percentage points compared to the pre-COVID period. [VITAS](#)

Export Turnover Through Nine Months Closes Strong

Domestic reporting confirms the textile and garment industry posted US \$34.75 billion in export turnover during the first nine months of 2025 — a 7.7 % year-on-year increase. This sustained gain through early Q4 signals broad market demand despite rising costs and global variability, with firms actively navigating new and traditional markets. [VietnamPlus](#)



Employment

Employment Stabilized with Gradual Shift Toward Higher-Skilled Workforce

By Q4 2025, employment in Vietnam's textile and garment sector remained stable at around 1.8 million workers. While labor-intensive segments faced productivity pressure, enterprises increasingly invested in automation, digital production management, and skills upgrading, especially in dyeing, finishing, and technical textiles. *MOLISA assessments, 2025*

Improved Industrial Relations and Social Dialogue

Sector-wide implementation of collective bargaining agreements and cooperation with ILO, Better Work Vietnam, and international partners continued to strengthen workplace compliance, occupational safety, and grievance mechanisms. *Better Work Vietnam, 2025*



Wage

Minimum Wage Adjustments Balanced with Competitiveness Concerns

Discussions on regional minimum wage adjustments continued through 2025, with VITAS actively participating in the National Wage Council. Policy dialogue emphasized aligning wage increases with productivity growth to protect workers' income while preserving enterprise competitiveness amid rising compliance and ESG costs. VITAS

Industry Pushes Productivity to Support Wage Sustainability

Business leaders in Q4 emphasised productivity improvements, automation uptake, and skill development to balance wage cost pressures with competitiveness, an increasingly central strategy under current global demand conditions.

 **Others/Legal****FDI and Domestic Investment Accelerated in Green Textile Clusters**

By October 2025, Vietnam recorded nearly 3,000 FDI projects in textiles and garments, with registered capital of approximately USD 31.6 billion. Q4 saw increased investment interest in recycled fibers, technical textiles, accessories, and renewable energy solutions for dyeing and finishing zones. *Ministry of Planning and Investment*

Sustainability and Regulatory Pressure from Key Markets Intensified

EU regulations such as Digital Product Passport (DPP), CBAM, and due diligence requirements increasingly shaped sourcing decisions in Q4 2025. Vietnamese exporters accelerated compliance with ESG standards, Higg Index, ZDHC, and traceability systems to maintain access to EU and US markets. *European Commission; VITAS industry briefings, 2025*

Diversification and Supply Chain Strategy Key to Export Resilience

Vietnam's successes in 2025 reflect diversification of export markets and product mixes, supported by numerous FTAs and strategic positioning. According to VITAS insights, Vietnamese textiles are sold in 138 markets worldwide, underlining broad market reach that helps mitigate risks from specific regional slowdowns or protectionist policies. *Fibre2Fashion*



STAR

Sustainable Textiles of
the Asian Region

STAR Quarterly Roundup

Q4 2025

THANK YOU!


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





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