STAR
Sustainable Textiles of the Asian Region

**The STAR Network** proudly presents our

# Quarterly Roundup

## Q3 2026



*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.

## 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

Q3 2026



## EXECUTIVE SUMMARY

Q3 2026 marked a definitive shift from policy uncertainty to operational reality across Asia's textile and garment sector. The US tariff landscape settled into a predictable multi-track regime, enabling a sequential recovery in order flows and a notable surge in export volumes. However, a sharp divergence emerged: upstream suppliers capitalized on rising raw material prices, while midstream manufacturers navigated margin compression. Sustainability compliance transitioned from voluntary initiative to binding market access requirement, with the launch of major green factory programmes and new environmental standards. Workforce shortages remained a persistent constraint, driving industry-wide upskilling and wage board formations.

## Key Takeaways

### New Section 301 Tariffs Crystallize Winners and Losers

The July 24 expiry of the Section 122 surcharge was immediately replaced by finalized Section 301 country-specific tariffs, creating a differentiated landscape. A critical new mechanism exempts designated volumes of textiles from Bangladesh, Cambodia, Indonesia, and Malaysia from duties if they use U.S.-origin cotton. This structural advantage drove Cambodia's U.S. garment exports to over US$7 billion (up 30% in H1). Meanwhile, Vietnam faces a 12.5% tier, and Pakistan and India face 10% without the exemption.

### Export Momentum Accelerates in Q3

Q3 delivered robust export growth across the region. China's textile and apparel exports surged 21.5% to US$29.66 billion in September alone, hitting a record high for the period. Bangladesh's RMG exports grew 6.10% to US$10.58 billion in Q1 FY2026-27, while Pakistan's textile exports rose 5.26% to US$5.026 billion. Cambodia's GFT exports reached US$13.16 billion (up 7.7%) over nine months. Vietnam's exports grew 3.22% to US$36.43 billion, though garment growth lagged at 1.95%.

### Upstream-Downstream Divergence Defines Q3 Performance

A defining characteristic of Q3 was the sharp divergence between upstream and downstream segments. Upstream suppliers benefited from rising global raw material prices, with China's textile exports growing 5.4% to US$112.27 billion and Vietnam's fibre and yarn exports surging 13.07%. Midstream garment manufacturers faced margin compression from higher input costs. Q3 results showed a "midstream repair" dynamic, with revenue declines narrowing sequentially. Pakistan's readymade garments recorded 15.69% value growth, while cotton cloth declined 5.34%, highlighting the importance of product mix.

### Sustainability Becomes a Binding Market Access Requirement

Sustainability accelerated its transition to a binding market access requirement. Bangladesh now hosts 291 LEED-certified factories, with HAMS Garments achieving 78.1% $CO_2$ reduction and a global top score of 108/110 points. Cambodia launched the EU/UNIDO-funded Model Green Factory Programme, while China's new GB 4287—2026 water pollutant standard took effect September 1. Vietnam banned imports of goods produced by forced labour and advanced Digital Product Passport cooperation with Taiwan. Pakistan advanced its US$615 million green financing initiative.

### Labour Shortages Drive Wage Board Formations and Upskilling

Labour availability remained a critical constraint. Vietnam's garment sector struggles to fill roles, with only 1,420 workers seeking 3,558 available positions despite average income exceeding VND 13 million/month. Bangladesh formed a six-member Minimum Wage Board to review the Tk 12,500 minimum wage. Cambodia set its 2027 minimum wage at US$212 and launched a Skills Development Project. Pakistan's Sindh province notified an increase to PKR 43,000, while China's textile employment stabilized at roughly 2.385 million.

## U.S. Reciprocal Tariffs - Updated for Q3 2026 (July–September)

The first half of 2026 was defined by a landmark Supreme Court decision that fundamentally reshaped the U.S. trade landscape. On February 20, the Court ruled in Learning Resources, Inc. v. Trump that the President lacked authority under IEEPA to impose tariffs, striking down the reciprocal tariff regime that had structured Asia's sourcing environment. Rather than ending tariff escalation, the ruling triggered a rapid pivot to alternative legal authorities. By the end of Q3 2026, the transition is complete: the temporary Section 122 global surcharge expired on July 24, replaced by finalized Section 301 country-specific tariffs based on the USTR's forced labour investigation. The key Q3 development was not the headline rates themselves, but the operationalization of a new textile mechanism tying duty treatment to the sourcing of U.S.-origin cotton and fibres—a provision now actively reshaping sourcing decisions across the region.

| Country | Tariff Rate | Status |
|---|---|---|
| **Cambodia** | 10% - 15% | Faces a 10% Section 301 duty with a critical exemption: designated volumes using U.S.-origin cotton and fibers are exempt from the tariff. This provision reinforces Cambodia's competitive position, and garment exports to the U.S. reached over $7 billion in the first half of 2026, up nearly 30% year-on-year. |
| **Vietnam** | | Faces the highest Section 301 tariff tier among major Asian garment exporters at 12.5%, creating a significant cost disadvantage relative to Cambodia and Bangladesh. Textiles, footwear, and seafood bear the full duty burden. Vietnamese manufacturers are accelerating market diversification and automation investments to reduce U.S. dependency. |
| **Myanmar** | | The voiding of the 40% IEEPA tariff provided significant relief, but Myanmar now faces a 10% Section 301 duty. The forced labor investigation remains an active risk, with potential for additional restrictions. Exporters continue pivoting toward ASEAN and EU markets to reduce U.S. reliance. |
| **China** | | Faces a 10% Section 301 tariff on textiles, layered with 25% Section 232 national security duties on semiconductors and industrial goods. The strategy of shifting final assembly offshore and investing in automation continues, reflecting permanent stacked tariff exposure. |
| **Pakistan** | | Faces a 10% Section 301 duty with no exemption mechanism for U.S.-origin inputs. Pakistan's large domestic spinning and weaving sector helps absorb some cost pressure, but the lack of an input exemption reduces its competitiveness relative to Cambodia and Bangladesh, which benefit from preferential treatment. |
| **Bangladesh** | | Faces a 10% Section 301 duty with a significant advantage: designated volumes using U.S.-origin cotton and fibers are exempt. The forced labor investigation risk has now resolved with manageable final duties, though buyers continue to increase compliance monitoring and sustainability certification requirements. |

## The New Tariff Architecture (as of September 2026)

The USTR imposed two tiers based on findings regarding forced labour import restrictions :

| Lower Tier | Higher Tier |
|---|---|
| **10%** | **12.5%** |
| Bangladesh, Cambodia, Indonesia, Malaysia, Pakistan, India, Sri Lanka | China, Vietnam, Thailand, Japan, South Korea, Philippines, Singapore |

## The Textile Mechanism: Q3's Defining Development

The most consequential Q3 development is the U.S.-origin cotton and fibre exemption, which was formally confirmed for operational rollout during the quarter . Under this provision:

- Bangladesh, Cambodia, Indonesia, and Malaysia are eligible to have designated volumes of textile and apparel exports exempt from Section 301 duties if they use U.S.-origin cotton and fibres .
- For Bangladesh, USTR confirmed that garments manufactured using U.S. cotton will qualify for duty-free treatment beginning in September 2026, initially for a three-year period .
- Cambodia's competitive position is reinforced by this mechanism, with garment exports to the U.S. reaching over $7 billion in H1 2026, up nearly 30% year-on-year .
- Pakistan and India face the 10% Section 301 duty without access to this exemption mechanism, placing them at a relative disadvantage versus Bangladesh and Cambodia despite identical headline rates .

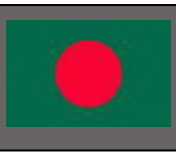
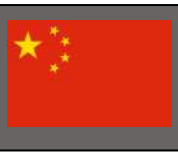
## What This Means for Asian Textile and Garment Exporters (Q3 2026)

The U.S. tariff landscape has crystallized into a differentiated structure that is reshaping competitive dynamics across Asia's garment-exporting nations, with Q3 2026 marking the shift from policy announcement to operational reality. The new Section 301 regime creates clear tiers: Cambodia and Bangladesh hold the strongest position, benefiting from the lower 10% rate and access to the U.S.-origin cotton exemption—a mechanism that is now actively redirecting procurement decisions toward American fibre. Pakistan and India face the same 10% duty without this exemption, eroding their relative competitiveness. Vietnam, at 12.5%, now carries a structural cost disadvantage it did not face in 2025, prompting a pivot toward raw material exports and market diversification. Underpinning these differentials is a deeper shift: supply chain transparency has become a tariff variable, with countries demonstrating stronger traceability and compliance frameworks receiving more favourable treatment. For the region's manufacturers, the message from Q3 is clear—tariff exposure is no longer solely a function of geography, but of sourcing choices, verification systems, and the ability to document responsible production. As the buying cycle for 2026–27 takes shape, these differentials will entrench or evolve depending on how swiftly governments and industry can adapt.

## 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<br>(2025, official) | ~4,945 MW<br>(2023-2025 estimates) | 3,402,000 MW<br>(2025) | 6,357 MW<br>(2025 estimate) | 46,605 MW<br>(2025) | 94,200 MW<br>(2025) |
| **Total Electricity Generation (GWH)** | ~88,000–95,000 GWh<br>(est. 2025) | ~24,000 GWh<br>(projected 2025) | ~9,350,000 GWh<br>(2025 estimate) | ~17,319 GWh<br>(2023, no recent official data) | 90,145 GWh<br>(2025) | 347,500 GWh (2025 target, official MoIT) |
| **Approximate Energy Mix** | **Gas:** 43%<br>**Coal:** 25%<br>**Oil:** 24%<br>**Hydro:** 2%<br>**Imports:** 16%<br>**Solar:** 1.3%<br>**Other RE** <2% | **Hydro:** 32-38%<br>**Coal:** 28-30%<br>**Oil**: ~13%<br>**Solar:** ~10%<br>**Imports:** 20-23%<br>**Biomass/Wind** <2% | **Coal:** 55%<br>**Hydro:** 14%<br>**Solar:** 11%<br>**Wind:** 7%<br>**Nuclear:** 2%<br>**Other Thermal:** 11% | **Hydro:** ~52%<br>**Gas:** ~38%<br>**Others:** 10% with RE targets rising | **Thermal:** 55.7%<br>**Hydro:** 24.4%<br>**Nuclear**: 7.8%<br>**Renewable**: 12.5% | **Coal:** 47%<br>**Hydro:** 34%<br>**Solar**: 8%<br>**Wind & Other RE:** 11% |

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# Bangladesh

# বাংলাদেশ



Q3 2026

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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

**Ready-Made Garment Export** (USD)

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. Section 301 Tariff**

10%

+ MFN (Most-Favoured-Nation) Duty

**Effective July 24th, 2026**

**GDP (USD)**

475.01 Billion

(2025, IMF)

**GDP Growth Estimate (%)**

4.8% (2026, WB)

# Politics

## Prime Minister Addresses UN General Assembly, Calls for Climate Justice and Global Cooperation

On 24 September 2026, Bangladesh Prime Minister Tarique Rahman addressed the 81st UN General Assembly, calling for climate justice and greater support for adaptation in climate vulnerable countries. The PM outlined his government's 3-R strategy (Recovery, Restoration and Reconstruction) to repair Bangladesh and mitigate the adverse impact of one and a half decades of fascist rule and exploitation. He emphasised international cooperation, renewable energy, and climate resilience, highlighting plans to plant 250 million trees over five years and restore canals. Bangladesh also called for stronger global emission reductions, technology transfer, and effective use of the Loss and Damage fund.

## BKMEA Board Meets President, Raises Energy Crisis and Competitiveness Concerns

BKMEA's Board paid a courtesy call on the President of Bangladesh, with discussions focused on current challenges facing the RMG sector, particularly the energy crisis and the need to strengthen industry competitiveness. The meeting reflected continued engagement with government on measures required to sustain production, exports and employment.

## BKMEA Signs MoUs with TEXPROCIL and Wazir Advisors to Strengthen Regional Cooperation

BKMEA signed a MoU with the Textile Export Promotion Council of India (TEXPROCIL) to strengthen cooperation between Bangladesh and India in textiles and apparel, facilitate trade and business linkages and support cooperation across the value chain. BKMEA also signed a MoU with Wazir Advisors at Bharat Tex 2026 on 14 July 2026 to strengthen knowledge exchange, industry research and regional collaboration. The partnership will combine BKMEA's extensive industry network with Wazir Advisors' expertise in strategy, market intelligence, sustainability and industry development.

## PM Orders Swift Removal of Obstacles to Garment Industry Growth

On 22 July 2026, Prime Minister Tarique Rahman directed authorities to remove obstacles hindering the garment industry's growth as soon as possible, following a meeting with a BGMEA delegation led by President Mahmud Hasan Khan at the Prime Minister's Cabinet Division office. The BGMEA representatives raised challenges including the need for uninterrupted electricity and gas supply, presenting short- and long-term proposals. The Prime Minister assured that the government would take immediate steps on solvable issues and noted that a business-friendly budget had been placed to support the sector .

## BGMEA and LPP Issue Joint Statement to Resolve Invoice Dispute and Protect Sector Stability

On 10 August 2026, BGMEA and global fashion retailer LPP S.A. issued a joint statement regarding an ongoing dispute involving claims by two business entities over invoices related to FES Retail. Both organisations expressed mutual commitment to legal certainty, employee protection, and stable business growth in Bangladesh. BGMEA took note of LPP's position that claims should be addressed to the legally responsible entities, while LPP confirmed it regularly settles liabilities to direct suppliers and that its sourcing review was aimed at protecting local employees, not directed against manufacturers. Both sides stressed the importance of avoiding sweeping publicity that could harm the broader apparel sector, including over 350 manufacturers doing business with LPP .

## BKMEA Seeks Uninterrupted CNG Supply as Factories Face Pipeline Gas Shortages

In late July 2026, BKMEA President Mohammad Hatem urged the government to ensure uninterrupted access to compressed natural gas (CNG) from filling stations, as factories facing severe pipeline gas shortages relied on CNG to keep production running. Following a meeting between BGMEA and BKMEA leaders with Energy Secretary Mohammad Saiful Islam, the Secretary instructed Titas Gas to withdraw a circular that had restricted garment factories from procuring CNG from filling stations, assuring the industry of continued access .

## Exports

### Bangladesh's RMG Exports Grow 6.10% in Q1 FY2026-27 to US$10.58 Billion

Bangladesh's apparel exports showed good growth in the first three months of FY 2026-27. From July to September 2026, total RMG exports were US$10.58 billion, up 6.10% from the same period last year. Knitwear exports reached US$5.96 billion, growing by 6.88%, while woven exports stood at US$4.61 billion, up 5.11%. In September alone, RMG exports reached US$3.08 billion, showing 8.56% growth.

Table 1: Bangladesh Apparel Export Performance: FY 2026–27 (July–September) vs. 2025–26 (July–September)

| Products | July–Sep. 2026–27 | July–Sep. 2025–26 | Growth (%) |
|---|---|---|---|
| Apparel / RMG (HS 61 & 62) | 10,578.56 | 9,970.42 | 6.10% |
| Knitwear (HS 61) | 5,963.76 | 5,580.00 | 6.88% |
| Woven Wear (HS 62) | 4,614.80 | 4,390.42 | 5.11% |

### Spain Overtakes Germany as Bangladesh's Largest EU Apparel Market

Spain surpassed Germany as the top EU destination for Bangladesh's RMG in Q1 FY2026-27, with exports rising 13.73% year-on-year to US$1.148 billion. Germany slipped to second place with US$1.123 billion, a marginal 0.15% decline. Spain's share of Bangladesh's EU apparel exports rose to 23.42%, compared to Germany's 22.90% . The shift was attributed to increased imports by Spain-based Inditex, while Germany's import capacity was constrained by energy-driven inflation and economic sluggishness . Overall, Bangladesh's RMG exports to the EU rose 3.33% to US$4.904 billion during the quarter.

### Footwear Exports Rise 11.5% as Bangladesh Targets US$5 Billion Opportunity from China's US Market Loss

Bangladesh earned US$258.45 million from leather and non-leather footwear exports in July–August 2026, up 11.50% year-on-year, with leather footwear rising 8.91% and non-leather footwear growing 15.29%. The US remained the largest single-country market, importing US$226.9 million worth of Bangladeshi footwear in January–July 2026, up 9%. With US footwear imports from China falling approximately 38% over the same period, industry leaders project Bangladesh could reach US$5 billion in footwear exports within two years by capturing 2–3% of China's lost market share, provided energy constraints and policy bottlenecks are addressed .

### Export Diversification Gains Momentum with Strong Growth in Jute, Leather, and Home Textiles

Beyond RMG, several other sectors posted notable export growth in Q1 FY2026-27. Jute and jute goods exports rose 31.55%, leather and leather products increased 14.74%, light engineering products grew 16.51%, and home textiles rose 11.94% . In September alone, home textile exports rose 13.52%, while light engineering recorded 3.76% growth . These gains reflect ongoing efforts to diversify Bangladesh's export base beyond apparel, though RMG continues to dominate with over 80% of total merchandise exports.

## Employment & Wage

### Government Forms Six-Member Minimum Wage Board for Garment Workers

On 1 November 2026, Labour and Employment Minister Ariful Haque Choudhury announced the formation of a six-member Minimum Wage Board headed by Senior District and Sessions Judge Sheikh Ashfaqur Rahman, with representatives from workers, employers, and an independent member. The board will review the existing salary structure for garment workers, with the current minimum monthly wage standing at Tk 12,500. The minister urged workers to return to workplaces, stating their demand for a wage board has been met .

### BGMEA Reports No Factory Closures from Energy Crisis in Two Months

On 17 September 2026, BGMEA President Mahmud Hasan Khan stated at a press conference that no garment factories had closed in the past two months despite production disruptions caused by the energy crisis. He noted that gas supply conditions had improved compared to the previous week and that factory closures typically take about six months to materialise due to existing orders and worker obligations. Khan called for two additional floating LNG terminals and land-based LNG storage to ensure industrial energy supply .

### BKMEA Partners with CRP to Promote Disability Inclusion in Apparel Industry

BKMEA hosted a delegation from the Centre for the Rehabilitation of the Paralysed (CRP) to explore collaborative initiatives for promoting disability inclusion in Bangladesh's apparel industry, including more inclusive employment opportunities and workplaces.

### BKMEA Signs MoU with Guardian Life Insurance to Enhance Worker Healthcare and Social Protection

BKMEA signed a MoU with Guardian Life Insurance Limited to provide enhanced healthcare and social protection services to workers and employees of BKMEA member factories. Benefits include 24/7 telemedicine, healthcare discounts at more than 500 hospitals, life-insurance coverage and other healthcare services.

## Other/Legal

### HAMS Garments Achieves 78.1% $CO_2$ Reduction and LEED Platinum Certification

HAMS Garments Ltd. in Gazipur achieved a 78.1% reduction in $CO_2$ emissions and received the World Championship for Energy Savings (WCES) Certificate, positioning it as a leading contender for the 2026 WCES Award. The facility achieved LEED v4 Existing Buildings: Operations & Maintenance Platinum certification with 108 out of 110 points—the highest score globally—through a 75.25% overall energy saving and 47.36% renewable energy contribution, including a 550 kW on-site solar PV system.

### Bangladesh Now Home to 291 LEED-Certified Green Garment Factories

Bangladesh has established itself as a global leader in environmentally friendly garment manufacturing, with 291 LEED-certified green factories, including 111 Platinum-rated and 133 Gold-rated facilities. Gazipur has emerged as a major hub, hosting a significant share of these factories including Hams Garments (ranked first globally with 108 points) and Tasnia Fabrics (ranked second with 107 points). Factory operators report carbon emission reductions of 30–40% in some facilities through solar panels, rainwater harvesting, and advanced effluent treatment systems.

### BGMEA Launches Free Rooftop Solar PV Assessment for Member Factories

In August 2026, BGMEA issued a circular announcing a free rooftop solar PV assessment programme for member factories, alongside an energy-efficient upcycling solution offering 47–65% energy savings with special benefits for BGMEA members. These initiatives support the sector's transition toward renewable energy and improved energy efficiency amid ongoing concerns about industrial energy costs and supply reliability .

### Government Introduces Rooftop Solar Incentive Scheme to Accelerate Renewable Energy

The Government of Bangladesh has introduced a rooftop solar incentives scheme offering Tk 10.50 per kilowatt-hour for surplus electricity supplied to the national grid by eligible solar system owners. Consumers installing qualifying systems by 28 February 2027 will receive the guaranteed rate for three years, until 28 February 2030. The initiative aims to accelerate rooftop solar deployment, attract private investment and support the government target of generating 20% of the country's electricity from renewable sources by 2030.

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# China

# 中国



Q3 2026

# 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. Section 301 Tariff**

12.5%

+ MFN (Most-Favoured-Nation) Duty

**Effective July 24th, 2026**

**GDP (USD)**

19.4 Trillion

(2025, IMF)

**GDP Growth Estimate (%)**

4.4% (2026, WB)

# Politics

## 15th Five-Year Plan for Light Industry and Textile Industry Issued, Setting Green and Digital Directions

In September 2026, the Ministry of Industry and Information Technology (MIIT), Ministry of Commerce and State Administration for Market Regulation issued the "15th Five-Year Plan for the Development of the Light Industry and Textile Industry," listing "accelerating green and low-carbon transformation" as a key task. The plan calls for guiding enterprises to conduct green product design, prioritize non-toxic, harmless, easily degradable and recyclable materials, and develop bio-based material products and green textiles. It also promotes clean energy substitution in sectors such as chemical fibers and deploys AI-enabled directions including generative large models for apparel fashion trends and 3D virtual fitting technologies.

## State Council Releases 15th Five-Year Plan for Employment Priority Strategy, Supporting Textile Industry Job Stability

In June 2026, the State Council issued the "15th Five-Year Plan for Implementing the Employment Priority Strategy," identifying the stabilization of employment in labor-intensive industries as a core task. The plan explicitly supports light industry and textiles—described as the "reservoir" for migrant worker employment—in maintaining and expanding jobs, optimizing human resource allocation, and cultivating new employment growth points. It also introduces measures for AI-enabled employment potential in traditional sectors, skills training initiatives, and support for flexible employment and new work forms emerging from digital transformation in textiles and apparel.

## CNTAC and Lenzing Launch Carbon Neutrality Disclosure Platform for Textile Supply Chain

During the 2026 China International Textile Fabrics and Accessories (Autumn/Winter) Expo, CNTAC and Lenzing Group jointly announced the launch of a carbon neutrality disclosure platform. On 26 September 2026, TENCEL™ carbon-neutral fibers were officially released as one of the first fiber products in China to carry an "officially traceable carbon label," verified under the T/CNTAC 188-2023 carbon-neutral textile evaluation standard. The platform uses blockchain technology to enable brands and consumers to trace carbon footprint and offset data via product QR codes, providing a credible carbon accounting benchmark for downstream yarn, fabric, and garment producers.

## MIIT and Two Other Ministries Issue Standards Action Plan for Textile Industry Optimization (2026-2028)

In Q1 2026, MIIT, the Ministry of Ecology and Environment, and the State Administration for Market Regulation jointly issued the "Action Plan for Standards-Led Optimization and Upgrading of the Textile Industry (2026-2028)." The plan targets the development and revision of over 300 national standards by 2028 covering diversified adaptation, digital transformation, green and low-carbon development, and health and safety. It also aims to establish or revise 10 international standards and maintain the international standards adoption rate above 85%, enhancing the industry's global competitiveness.

## Exports

### Textile and Apparel Exports Reach US$232.97 Billion in January-September, Up 5.1% Year-on-Year

According to GTF data released by the China Chamber of Commerce for Import and Export of Textiles, China's cumulative textile and apparel exports in January-September 2026 reached US$232.97 billion, up 5.1% year-on-year. Textile exports were US$112.27 billion, up 5.4%, and apparel exports were US$120.7 billion, up 4.8%.

### September Monthly Exports Surge 21.5% to US$29.66 Billion, a Record High for the Same Period

In September alone, textile and apparel exports totaled US$29.66 billion, up 21.5% year-on-year. Textile exports were US$14.24 billion (up 19%), and apparel exports were US$15.42 billion (up 24%). The September figure approached US$30 billion, the highest level for the same period in history, reflecting strong order momentum and a low base effect. By market, exports to ASEAN reached US$33.41 billion in January-August (up 0.8%), while exports to the US rose 16.8% and to the EU rose 2.3%.

### Some Orders Shift Back to China from Southeast Asia on Delivery Reliability and Supply Chain Integration

In Q3 2026, some apparel orders previously moved to Southeast Asian countries began returning to China, driven by shorter delivery cycles and the advantage of China's integrated fabric and accessory supply chain. Enterprises in Zhejiang reported receiving orders from US and Malaysian brands that had previously shifted production to Bangladesh, citing six-month lead times there versus three months in China. Customs data showed Ningbo's textile and apparel exports reached RMB 85.5 billion in the first three quarters (up 3.77%), while Cixi recorded RMB 2.54 billion (up 7.43%). Industry sources noted the回流 volume remains limited but highlights China's supply chain responsiveness.

### China's Textile Exports Outpace Apparel, Reflecting Upstream Strength

Within the nine-month export data, textile exports (fibers, yarns, fabrics) grew 5.4% to US$112.27 billion, outpacing apparel growth of 4.8%. In September, textile exports rose 19% while apparel rose 24%, with apparel benefiting from a lower base. The divergence reflects China's continued strength in upstream and intermediate textile production, supplying fabrics and materials to downstream garment manufacturing hubs across the region.

## Employment & Wage

### MOHRSS Released Minimum Wage Standards in October 2026: Shanghai Ranked First at RMB 2,740, Beijing at RMB 2,540

On October 8, 2026, the Ministry of Human Resources and Social Security (MOHRSS) released minimum wage standards for all provinces (as of October 1, 2026). Shanghai's monthly minimum wage is RMB 2,740, the highest in the country; Beijing's is RMB 2,540, with an hourly minimum wage of RMB 27.7, among the highest hourly standards. Eastern coastal provinces where textile and apparel industrial clusters are concentrated (Monthly minimum wage: Jiangsu RMB 2,660, Zhejiang RMB 2,660, Guangdong RMB 2,680 , etc.) all have minimum wage standards at the higher end nationally.

### Textile Industry Employment Stabilizes at Approximately 2.385 Million in Q3 2026

According to National Bureau of Statistics data, employment in China's textile industry stood at approximately 2.385 million in September 2026, unchanged from August and slightly above the record low of 2.365 million recorded in February 2026. The figure has stabilized after a long-term structural decline from a peak of 6.52 million in December 2008, reflecting the industry's ongoing transition toward higher-value production and automation.

### CNTAC Launches Family-Friendly Factory Guidelines to Improve Workforce Retention

On 26 August 2026, CNTAC hosted the release of the "Guidelines for the Implementation of Family-Friendly Policies in Textile and Apparel Enterprises" and an experience-sharing event for the Family-Friendly Factory (FFF) Phase II project at the National Exhibition and Convention Center in Shanghai. The initiative is committed to creating a more inclusive workplace environment, addressing workforce retention challenges as the industry competes for labor amid rising wages and demographic shifts.

## Other/Legal

### GB 4287—2026 Discharge Standard for Water Pollutants in Textile Industry Takes Effect September 1

The new Discharge Standard of Water Pollutants for the Textile Industry (GB 4287—2026), issued by the Ministry of Ecology and Environment, took effect for new enterprises from September 1, 2026, with existing enterprises required to comply by January 1, 2028. The standard consolidates the scope of application, adds specific pollutant items including zebrafish embryo acute toxicity, optimizes control requirements for indirect discharge, and refines provisions on benchmark wastewater discharge per unit product, systematically raising the compliance threshold for textile manufacturers. China has approximately 149,000 textile enterprises, with SMEs accounting for 86%.

### China Expands Environmental Rulebook Beyond Wastewater to Carbon, Chemicals, and Traceability

Beyond GB 4287-2026, China's 2026-2028 textile standards action plan targets more than 300 new or revised national standards by 2028, covering digital transformation, green and low-carbon manufacturing, product safety, and new textile technologies. The program includes standards for textile product carbon footprints, recycled textiles, low-water dyeing, digital passports, and supply-chain traceability, alongside expanded chemical controls including PFAS and other restricted substances. CNTAC reports that 23 carbon-footprint standards covering 19 textile product categories have been completed over the past four years, signaling a shift from compliance to market-access requirement. [

### Industry Q3 Performance Shows Upstream Pricing Gains and Midstream Margin Recovery

Q3 2026 results reflected a "midstream repair, upstream pricing" dynamic across China's textile sector. Upstream material suppliers benefited from rising cotton, wool, and nylon prices with successful cost pass-through, with companies like Weixing and Xinao reporting volume-price gains and accelerated profit growth. Midstream contract manufacturers saw revenue declines narrow sequentially, with Huali Group recording gross margin improvement and Kairun returning to positive quarterly profit. Brand segment divergence widened, with premium and differentiated brands outperforming while mass-market brands faced pressure.

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# Cambodia

# កម្ពុជា



Q3 2026

# 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**

15.6 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. Section 301 Tariff**

10%

+ MFN (Most-Favoured-Nation) Duty

**Effective July 24th, 2026**

**GDP (USD)**

48.8 Billion

(2025, IMF)

**GDP Growth Estimate (%)**

4.3% (2026)

# Politics

## Cambodia and Germany Launch FABRIC Cambodia II to Strengthen GFT Sector Compliance and Competitiveness

In July 2026, Cambodia and Germany formally launched the second phase of the FABRIC Cambodia technical cooperation project at the Ministry of Labour and Vocational Training. The initiative, signed by the labour and economy ministries alongside Germany's GIZ development agency, sharpens focus on supply-chain transparency and compliance with international social and environmental rules as Western buyers demand tougher standards. Minister Heng Sour noted the GFT sector faces a "critical transition" as the EU and US increasingly enforce ESG criteria and human-rights due-diligence laws, while German Deputy Head of Mission Christof Weigelmeier emphasised that stronger compliance bolsters Cambodia's edge as the country prepares for LDC graduation.

## Government Introduces Three-Year Investment Implementation Requirement for Manufacturing QIPs

In August 2026, the Cambodia Investment Board under the Council for the Development of Cambodia issued guidelines requiring qualified investment projects (QIPs) in manufacturing to implement actual investment within three years, meeting or exceeding minimum capital requirements. For garment, textile, footwear, and travel goods manufacturing, the minimum investment threshold is US$500,000 under the Investment Law sub-decree. Projects failing to meet the requirement may face penalties including revocation of investment registration certificates.

## OECD Forum on Due Diligence in Garment and Footwear Sector to Be Held in Cambodia in 2027

During the Cambodia Textile Summit 2026, it was officially announced that the OECD Forum on Due Diligence in the Garment and Footwear Sector will be held in Cambodia in 2027, marking the first time the Forum takes place outside Paris. The decision reflects Cambodia's growing leadership in responsible business conduct and offers a unique platform for local stakeholders to engage in global discussions on due diligence and sustainability.

## Ministry of Labour and Better Factories Cambodia Discuss OSH Law and LDC Graduation Readiness

On 8 September 2026, Minister Heng Sour chaired a video conference with the Better Factories Cambodia project and international brand owners to discuss progress on occupational safety and health. The meeting covered the draft OSH Law and the OSH Monitoring System pilot project, Cambodia's readiness for LDC graduation, and the renewal of the Better Factories Cambodia MoU for 2028-2032. The Minister emphasised Cambodia's commitment to providing regulatory certainty and strengthening business sustainability as the country prepares for graduation.

## Exports

### Cambodia's GFT Exports Reach US$13.16 Billion in First Nine Months, Up 7.7% Year-on-Year

Cambodia's exports of garments, textiles, footwear, and travel products reached US$13.16 billion during January–September 2026, a 7.7% increase compared to the same period in 2025. Garment exports accounted for the largest share at US$9.23 billion (up 6.93%), while textile exports rose sharply by 21.53% to US$613 million. Footwear exports grew 8.1% to US$1.66 billion, and travel goods increased 7.65% to over US$1.65 billion. The GFT sector remains a top foreign exchange earner, generating nearly half of Cambodia's total exports.

### Textile Segment Records Strongest Growth Among GFT Categories at 21.5%

Within the GFT sector, textile exports demonstrated the most robust growth momentum during the first nine months of 2026, rising 21.5% year-on-year to US$614 million. This significantly outpaced growth in garments (6.9%), travel goods (7.6%), and footwear (8%). The strong textile performance suggests emerging capacity in upstream and intermediate textile production, aligning with government efforts to attract weaving and fabric manufacturing investment to deepen backward linkages in the supply chain.

### GFT Sector Sustains Export Momentum Across All Major Product Categories

All four GFT product categories recorded positive growth during January–September 2026, reflecting broad-based demand from major international markets. Garments remained the dominant category at US$9.23 billion, followed by footwear at US$1.66 billion, travel goods at over US$1.65 billion, and textiles at US$613 million. The diversified growth across product segments reinforces Cambodia's position as a comprehensive sourcing destination for apparel, footwear, and travel goods buyers.

### August GFT Exports Reach US$11.76 Billion, Up 7.2% Year-on-Year

Cambodia exported US$11.76 billion worth of garments, footwear, and travel goods between January and August 2026, marking a 7.2% increase from the US$10.97 billion recorded during the same period last year, according to Ministry of Commerce data. The growth trajectory has been sustained despite global economic challenges and tariff changes, with made-in-Cambodia products maintaining strong demand in international supply chains.

## Employment & Wage

### 2027 Minimum Wage Set at US$212 for GFT Sector, Effective January 2027

Cambodia's National Council for Minimum Wage concluded tripartite negotiations in September 2026, with the employer side proposing US$210 and trade unions seeking US$225. Following the vote, Prime Minister Hun Manet added US$2 to the agreed figure, setting the 2027 minimum wage at US$212 per month for regular workers and US$210 for probationary workers, effective January 1, 2027. Including attendance bonuses, transport and accommodation allowances, and seniority payments, workers' total monthly take-home pay will range between US$231.5 and US$242.5. The GFT sector remains Cambodia's largest foreign exchange earner, employing nearly one million workers, the majority of whom are women.

### NSSF Contributory Wage Floor and Ceiling Adjusted Effective October 2026

In October 2026, the Ministry of Economy and Finance and the Ministry of Labour and Vocational Training issued Inter-Ministerial Prakas No. 234/26, raising the minimum contributory wage from KHR 400,000 to KHR 600,000 (approximately US$150) and the ceiling from KHR 1,200,000 to KHR 1,500,000 (approximately US$375). The new rates affect social security contributions for occupational risk, health care, and pension schemes. Employers are advised to update payroll systems to apply the new minimum and ceiling when calculating NSSF contributions and employee pension deductions.

### Skills Development Project 2026–2027 Launched to Strengthen Workforce Competitiveness

In August 2026, the Skills Development Fund (SDF), TAFTAC, and the Cambodian Garment Training Institute (CGTI) launched the Skills Development Project 2026–2027, coinciding with the graduation of 61 students awarded Advanced Technical Diplomas. The programme includes the Advanced Diploma in Occupational Safety and Health and the Advanced Diploma in Energy and Environmental Sustainability, and promotes the Cambodia Skills Framework as a tool for career pathways and workforce development. TAFTAC Vice Chairman Robert Hwang noted that competitiveness now depends more on professional expertise than on production scale or labour costs. Since 2018, SDF has supported 101,264 trainees with a 96% completion rate and 88% employment rate.

## Other/Legal

### Model Green Factory Programme Launched with EU and UNIDO Support for TAFTAC Members

The Model Green Factory Programme (MGFP), a 20-month initiative running from October 2026 to May 2028, was launched with EU funding and UNIDO leadership alongside TAFTAC and other partners. The programme aims to improve competitiveness, environmental sustainability, and working conditions in Cambodia's GFT sector. Selected TAFTAC member factories must commit to free Level-1 energy audits (with optional Level-2 detailed audits), enroll staff in certified training covering industrial energy management, boiler efficiency, and GHG emissions, share operational data during the readiness phase, and collaborate with the project team to track implementation progress and evaluate efficiency gains.

### Cambodia Textile Summit 2026 Convenes Nearly 300 Stakeholders to Chart Sector's Future

In June 2026, the Cambodia Textile Summit 2026 convened nearly 300 government officials, industry leaders, international organisations, trade unions, and development partners in Phnom Penh. Co-hosted by TAFTAC, ILO, Better Factories Cambodia, GIZ, and EuroCham Cambodia, the summit featured discussions on the sector's economic outlook, workforce development, supply chain resilience, circularity, and occupational safety. The event also marked the launch of the Cambodia Skills Framework and GIZ's Sustainability Recommendation Paper on Mitigating Heat Stress in the GFT sector.

### New Occupational Safety and Health Law to Take Effect, with Heat Stress Management Guidance Issued

Cambodia's new Occupational Safety and Health (OSH) Law is scheduled to come into effect later in 2026, introducing strengthened workplace safety requirements for the GFT sector. In anticipation, GIZ Cambodia launched its 6th Sustainability Recommendation Paper on Mitigating Heat Stress in the GFT sector, offering evidence-based, actionable, and affordable strategies for factories, brands, civil society, and government to adapt to rising heat. The guidance addresses heat stress as an escalating health, productivity, and competitiveness challenge for Cambodia's garment industry.

| 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)

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# Myanmar

# မြန်မာ



Q3 2026

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# 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. Section 301 Tariff**

12.5%

+ MFN (Most-Favoured-Nation) Duty

**Effective July 24th, 2026**

**GDP (USD)**

60.46 Billion

(2025, IMF)

**GDP Growth Estimate (%)**

3%

(2026, WB)

# Politics

## Government and Industry Stakeholders Collaborate to Streamline CMP Export Processes

Building upon previously established frameworks, the CMP Supervision Committee structured three specialized subcommittees during Q3 2026, comprising key government authorities, UMFCCI, and MGMA. These joint subcommittees actively enhance public-private dialogue, address operational bottlenecks, facilitate smoother licensing, and ensure trade stability for Cut-Make-Pack manufacturing enterprises. These efforts aim to boost export efficiency and promote trade stability across the industrial sector.

## MGMA Holds Compliance Briefing on Import and Export Procedures

On 18 July 2026, MGMA organized a compliance meeting on import and export procedures at UMFCCI in Yangon. MGMA Chairman U Myint Soe, Secretary General Daw Khine Kine Nwe, and the Online License Admin Team explained procedures and emphasized the importance of accuracy and transparency when applying for import licenses. The meeting highlighted the close cooperation between the CMP Committee and MGMA in supporting the sustainable development of Myanmar's garment industry, with relevant inspection committees working to ensure consistency between approved import licenses and finished products exported.

## MGMA Participates in Regular Exchange Meeting with Garment Cluster Associations

On 24 July 2026, MGMA participated in a regular exchange meeting hosted by the Korea Garment Association in Myanmar (KOGAM), alongside representatives from the Japan Garment Manufacturers Association (JGMA), Chinese Textile & Garment Association (CTGA), and Hong Kong Myanmar Manufacturers' Association (HKMMA). The meeting discussed the current situation of Myanmar's garment sector, reflecting ongoing coordination among the various foreign-invested garment clusters operating in the country.

## Exports

### Myanmar's Apparel Export Dependence Shifts from Europe to Asia

According to TexPro data, Myanmar's apparel exports fell 21.1% year-on-year in January–September 2026, with Europe's share declining to 53.57%. Europe-bound shipments dropped 25.1%, while Asia-Pacific's share rose to 36.18% after a milder decline. Japan led destinations, ahead of Germany, Poland, South Korea, and Italy. The data reflects a gradual realignment of Myanmar's export markets, with European and North American shipments recording particularly sharp declines while Asian markets proved relatively more resilient.

### Garment Sector Leads Manufacturing Exports and Sustains Strong Regional Demand

Supported by projected national GDP growth of around 2% to 3% in 2026, Myanmar's manufacturing and garment export sectors continued to demonstrate resilience. Local Cut-Make-Pack (CMP) factories successfully sustained export momentum to key regional and international markets, reinforcing the manufacturing industry's vital contribution to the national economy and foreign trade. Garments ranked as Myanmar's top export item over the past five years, accounting for 28.29% of total exports in FY2025-26 (through February), with products reaching 85 countries including Japan, Germany, and Poland.

### MGMA Delegation Participates in Texworld Apparel Sourcing Paris to Expand European Market Access

An MGMA delegation led by Central Executive U Kyin Tun, alongside representatives from Shwe Sakar Co Ltd, Lat War Co Ltd, Bileikpyan Cotton and Fabric, and Manussa Fashion, participated in the Texworld Apparel Sourcing Paris trade fair held from 31 August to 2 September 2026. The delegation met with Frederic Bougeard, Chairman and CEO of Messe Frankfurt France SAS, to exchange ideas on enhancing business opportunities for Myanmar entrepreneurs in the textile and fashion sector. The fair featured approximately 1,300 exhibitors from 35 countries.

# Employment & Wage

## Wage Structure Distinguishes Between Statutory Minimum and Additional Daily Allowances

Myanmar's minimum compensation package remains at MMK 7,800 for an eight-hour working day, comprising a basic wage of MMK 4,800 (MMK 600/hour) plus additional allowances of MMK 3,000 effective from 1 October 2025. Employers are advised to indicate the MMK 4,800 as basic wage and the MMK 3,000 as additional allowances separately in payroll records. Overtime calculations are based on the basic wage only: (MMK 4,800 / 8 hours) × 2 = MMK 1,200 per extra hour. Social Security Board contributions are capped at a monthly salary base of MMK 300,000, with employer contributions of 3% and employee contributions of 2%.

## MGMA Recognizes Factories for Outstanding Labour Compliance at 7th Members' Day

On 18 September 2026, MGMA held its 7th Members' Day at the Pan Pacific Hotel in Yangon, recognizing factories that achieved the highest standards under the Voluntary Labour Compliance Assessment (VLCA). KM Healthcare Myanmar Co., Ltd., Sen Ma Te (Myanmar) Apparel Co., Ltd., and Myanmar Dongtai Garments Co., Ltd. received awards for "Best of Full Compliance," with KM Healthcare also recognized for Outstanding Working Environment, Outstanding Working Conditions, and Outstanding Industrial Relations. The event featured a documentary on MGMA's strategic actions for 2025–2026 and highlighted the development journey of the Myanmar Garment Human Resources Development Centre.

## SMART Factories Programme Delivers Heat Reduction Training for Garment Factories

On 29 June 2026, the SMART Factories Programme under the MADE in Myanmar project conducted a full-day workshop on Heat Reduction in the Apparel Industry, equipping garment factory representatives with practical knowledge to improve workplace thermal comfort and protect workers from heat stress. The training covered heat stress impacts on worker health and productivity, ventilation improvement, evaporative cooling system maintenance, wet bulb temperature monitoring, mold prevention, emergency response, and sustainable heat management strategies.

## MGMA and CTGA Partner with Chinese Institute for Pattern Making Training

From 24 to 29 August 2026, MGMA and the Chinese Textile & Garment Association in Myanmar (CTGA) jointly organized a six-day training course on pattern making and sample development in Yangon, led by instructors from the Changzhou Vocational Institute of Textile and Garment. Nearly 40 garment industry professionals and students from Yangon and Mandalay participated, covering pattern making for jackets, skirts, and trousers. The initiative reflects MGMA's focus on technical skills development to enhance local manufacturers' competitiveness, with Chinese investment bringing both capital and technology while the sector relies on China for raw materials and accessories.

## Others/Legal

### EU Supports Myanmar Garment Factories on Waste Management, Cleanliness, and Renewable Energy

The European Union, through the SMART Textile & Garments programme, has been supporting Myanmar garment factories in improving waste management, cleanliness, and renewable energy adoption. Support includes the installation of solar energy systems, rainwater harvesting systems, and biomass boiler tanks at selected factories. The initiative aims to help factories reduce costs related to energy, water, and waste while promoting sustainable practices aligned with international environmental standards.

### Myanmar's Second Green-Certified Apparel Factory Marks Progress in Sustainability

Myanmar's garment industry has achieved a milestone with its second green-certified apparel factory, described as "a step in the right direction" for the sector's sustainability journey. The development reflects growing awareness of environmental standards among manufacturers, though industry observers note that the sector continues to face challenges in fully capturing the benefits of sustainability certification.

### Handa Industries Launches Second Solar PV Project at Myanmar Garment Division

On 31 August 2026, Handa Industries Myanmar Garment Division signed an agreement with Haishibo Power Technology for the construction of its second photovoltaic power station at the Htunmo Factory. The first-phase project at Handa's No.2 Myanmar Factory was connected to the grid in late April 2026 and has delivered energy savings and cost reductions over nearly four months of stable operation. The new project aims to achieve grid connection within two months, advancing the company's green energy strategy in Myanmar.

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# Pakistan

# پاکستان



Q3 2026

# 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. Section 301 Tariff**

10%

+ MFN (Most-Favoured-Nation) Duty

**Effective July 24th, 2026**

**GDP (USD)**

410.5 Billion

(2025, IMF)

**GDP Growth Estimate (%)**

3.6% (2026, IMF)

# Politics

## Government Announces Export-Sector Support Measures During July-September 2026

During Q3 2026, the Government of Pakistan announced several measures relevant to export-led growth. On 27 July, the Economic Coordination Committee approved three export-financing support schemes, including an enhanced Export Finance Scheme, long-term export growth financing and a performance-based rebate on incremental exports. On 8 August, the Ministry of Commerce announced PKR 10 billion for textile, apparel and other export sectors under duty drawback and technology-upgradation schemes . On 24 August, the State Bank issued the framework for a rebate of 1% on incremental exports for eligible exporters recording up to 10% annual growth, and 2% for those exceeding 10% growth. On 8 September, the Export Finance Scheme envelope was increased from PKR 1 trillion to PKR 1.5 trillion for FY 2026–27, including PKR 300 billion earmarked for SME exporters, agri-SMEs and new borrowers.

## PTEA Elects Rehan Naseem Bharara as Chairman for 2026-2028 Term

In September 2026, the Pakistan Textile Exporters Association elected Rehan Naseem Bharara unopposed as chairman for a two-year term, alongside Rizwan Ihsan as Senior Vice Chairman and Haris Yousaf as Vice Chairman . Upon taking charge in October, Bharara called for close cooperation among all textile segments to restore competitiveness, identifying rising production costs as the foremost challenge confronting exporters and urging government action to bring down costs and revive investment .

## PTEA Patron-in-Chief Calls for Structural Reforms, Warns Against "Consumption-Led" Import Growth

PTEA Patron-in-Chief Khurram Mukhtar welcomed the July export performance but cautioned against the 27% rise in consumer goods imports, describing it as "consumption-led growth" that widens the trade deficit without contributing to future export capacity. He noted that the 43% increase in capital goods imports was a positive indicator of industrial investment, while higher raw material imports could support export-oriented manufacturing. Mukhtar called for competitive energy tariffs, timely tax refunds, improved logistics, and policy consistency, stating that "exporters make investment decisions for years, not for a single quarter" .

# Exports

## Textile and Clothing Exports Reach US$5.026 Billion in July-September 2026, Up 5.26%

Pakistan's textile and clothing exports totalled US$5.026 billion during July-September 2026, compared with US$4.775 billion in the same quarter of 2025 . Readymade garments recorded the strongest performance, increasing 15.69% in value to US$1.223 billion, while knitwear rose 4.14% to US$1.483 billion and towels increased 10% to US$291.56 million. Cotton yarn exports surged 24.47% to US$227.1 million. However, cotton cloth exports declined 5.34% to US$425.3 million, and bedwear remained flat.

## Readymade Garments Drive Growth as Cotton Cloth and Bedwear Weaken

Within the Q1 export data, readymade garments stood out with 15.69% value growth and 17.38% volume growth, indicating strong demand for higher value-added products . Knitwear exports rose 4.14% in value though quantities declined 0.46%, while bedwear fell 0.07% in value and 0.71% in quantity. The uneven performance across product categories highlights the divergent trajectories within Pakistan's textile sector.

## July Textile Exports Rise 8.07% to US$1.814 Billion, Setting Positive Tone for Q3

Textile exports increased 8.07% year-on-year in July 2026, reaching US$1.814 billion compared to US$1.678 billion in July 2025. Readymade garments rose 15% to US$459.99 million, knitwear grew 4.06% to US$533.84 million, and towels increased 13.37% to US$106.36 million. Cotton yarn exports grew 18.69% to US$66.53 million. On a month-on-month basis, textile exports surged 43.13% from June 2026.

## PTEA Highlights Record Monthly Textile Exports of US$1.83 Billion in July 2026

The Pakistan Textile Exporters Association (PTEA) reported that textile exports reached US$1.83 billion in July 2026, the highest monthly figure on record, rising 43% from June and 9.11% year-on-year. Textiles accounted for approximately 62% of total national exports of US$2.96 billion, which grew 10% year-on-year. PTEA described the performance as "a healthy start and one worth building on," while cautioning that a single month's figures should not be interpreted as a long-term trend given Pakistan's historically episodic export growth .

# Employment & Wage

## Minimum Monthly Wage Rates Across Pakistan — July-September 2026

Sindh notified PKR 43,000 per month for unskilled workers effective 1 July 2026, with the notification issued on 17 August 2026 . Punjab's latest located notification remains PKR 40,000 per month, effective 1 July 2025. Khyber Pakhtunkhwa's latest located notification also sets PKR 40,000 from 1 July 2025; the PKR 45,000 figure reported in June 2026 was a budget proposal. Balochistan's latest located rate is PKR 37,000. Islamabad Capital Territory's rate was reported as PKR 40,700 effective 1 July 2026.

## PHMA Warns of Layoffs as Record Production Costs Threaten Industry Viability

At a consultative meeting convened by the Ministry of Commerce in October 2026, PHMA Central Chairperson Syed Zia Alamdar Hussain warned that rising production costs, freight charges, energy tariffs, and taxes, along with liquidity constraints, are undermining the sector's international competitiveness and threatening existing export orders. He proposed temporary Duty and Tax Remission for Exports support equivalent to 6-8% of FOB value for a limited period, and urged uniform implementation of the announced 4.5% end-user rate under the Export Finance Scheme. PHMA also expressed concern that some member industries have reported plans for layoffs as record-high production costs threaten viability .

## Social Protection Schemes Supporting Workers and Low-Income Families

During July–September 2026, Pakistan's social-protection framework continued to include federal cash assistance and worker-focused social security programmes. The Benazir Income Support Programme (BISP) provides eligible low-income households with cash assistance through Benazir Kafaalat, with complementary initiatives including Benazir Taleemi Wazaf for eligible children's education and Benazir Nashonuma for maternal and child nutrition. Separately, the Employees' Old-Age Benefits Institution (EOBI) provides old-age, invalidity and survivors' benefits to eligible insured workers, while provincial Employees' Social Security Institutions provide medical care and related benefits.

## ILO Better Work Pakistan Report Finds Stronger Factory Performance and Growing Buyer Confidence

In July 2026, Better Work Pakistan released its first synthesis report, finding that participating factories demonstrate stronger business performance and improved workplace outcomes. More than two-thirds of participating factories reported improvements in worker productivity, while around two-thirds also reported improvements in worker morale, occupational safety and health, and worker-management relations. The programme now engages 135 garment and textile factories, reaching more than 300,000 workers. One-third of surveyed buyers said they are likely to increase sourcing from Pakistan over the next two to three years if progress continues on labour compliance and traceability .

# Others/Legal

## TMA Chairman Ather Bari Welcomes Pro-Export Announcements, Emphasises Industry's Global Reach

During Q3 2026, TMA Chairman Ather Bari welcomed the Prime Minister's pro-export announcements and reiterated the towel industry's role as a 100% export-oriented contributor to foreign exchange earnings. He noted that Pakistan demonstrated a strong global presence at Heimtextil 2026 with 284 companies, including 77 towel exhibitors representing 27% of the national participation. TMA continues to advocate for regionally competitive energy tariffs, operationalisation of EXIM Bank, simplified compliance frameworks, and sustainable financing solutions to strengthen Pakistan's export competitiveness .

## National Integrated Energy Plan 2027–2060: Design Approved

On 18 August 2026, the Cabinet Committee on Energy approved the high-level design of the National Integrated Energy Plan 2027–2060. The proposed framework prioritises energy security, affordability and renewable-energy integration. This was design approval, not full implementation.

## Customs Tightens EFS Fabric Import Checks

On 30 August 2026, Pakistan Customs reported enhanced scrutiny of fabric consignments under the Export Facilitation Scheme (EFS) due to alleged misdeclaration. Physical examination and laboratory testing may be used to confirm fabric descriptions; greige fabric had been excluded under SRO 1435(I)/2025.

## Port Clearance Delays for Textile Exporters Reviewed

On 16 September 2026, the Minister for Maritime Affairs met Customs, port stakeholders and textile exporters to address clearance delays. Officials were asked to review cargo scanning, improve advance electronic filing and strengthen Pakistan Single Window coordination .

## PHMA Secures Government Assurance of Support for Textile Sector Growth

In October 2026, State Minister for Interior Senator Talal Chaudhry assured the PHMA of his cooperation in addressing challenges faced by the textile and apparel industry and promoting exports. He offered to facilitate meetings with the Ministry of Commerce and other relevant federal ministries to enable the association to present industry issues directly to policymakers. Newly elected PHMA North Zone Chairman Mian Farrukh Iqbal welcomed the assurance, expressing confidence that stronger government-industry coordination would help improve competitiveness and boost exports .

STAR
Sustainable Textiles of the Asian Region

Quarterly Roundup

# Vietnam

# Việt Nam



Q3 2026

# 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 142 - USD 204

**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. Section 301 Tariff**

12.5%

+ MFN (Most-Favoured-Nation) Duty

**Effective July 24th, 2026**

**GDP (USD)**

484.73 Billion

(2025, IMF)

**GDP Growth Estimate (%)**

6.1% (2026, WB)

## Politics

### Vietnam Maintains Political Stability and Strong Economic Growth in the First Nine Months of 2026

Vietnam maintained a stable political environment during the first nine months of 2026, providing favorable conditions for economic development and investment. The Government continued to prioritize administrative reforms, institutional improvements, infrastructure development and digital transformation. Economic growth remained strong, with GDP increasing by 9.01% year-on-year, while macroeconomic stability was broadly maintained. Vietnam also continued efforts to strengthen international economic integration and trade relations amid global uncertainties.

### VITAS Strengthens Cooperation with Russian Textile Enterprises Through Trade Networking

On 23 September 2026, VITAS Vice Chairwoman Nguyen Thi Tuyet Mai and Vietnamese textile and garment enterprises held a working and trade networking session with a delegation of Russian Federation textile and garment enterprises at VITAS's Ho Chi Minh City office. The event opened prospects for cooperation in the supply chain, from finished product outsourcing to the supply of raw materials and accessories. The session followed VITAS's trade promotion activities at Interfabric Moscow, helping showcase Vietnamese supply capabilities, identify partners and explore cooperation opportunities .

### VITAS and Tan Cang Saigon Explore Logistics Solutions to Reduce Export Costs

On 8 September 2026, VITAS and industry enterprises conducted a working session and field visit to the port system of Saigon Newport Corporation (TCSG). The event focused on the role of Saigon Newport in the textile and garment supply chain and on addressing bottlenecks related to logistics costs and delivery time. VITAS Vice Chairwoman Nguyen Thi Tuyet Mai emphasised that logistics directly determines costs, delivery times, and competitiveness .

### VITAS Expands Membership to Include Strategic Supply Chain Partners

In Q3 2026, VITAS awarded membership certificates to Toray International Vietnam Co., Ltd. and other partners, expanding its supporting supply chain ecosystem. Toray's membership connects a major fibre and textile materials supplier with the Vietnamese textile business community, strengthening the association's raw material and supply chain network .

## Exports

### Vietnam's Textile and Garment Exports Reach US$36.43 Billion in Nine Months, Up 3.22%

Vietnam's total textile and garment export turnover in the first nine months of 2026 reached over US$36.43 billion, a 3.22% increase year-on-year. In September alone, exports were estimated at US$4.11 billion, a 12.97% decrease from August but a 5.96% increase compared to September 2025. Garment exports rose 4.06% year-on-year in September, though the cumulative nine-month figure increased by only 1.95%. Fibers and yarns remained a bright spot, with cumulative exports rising 13.07% over the nine-month period, while raw materials and accessories increased 9.46% .

### Full-Year Export Target of US$48–48.6 Billion Within Reach, Driven by Raw Materials and Year-End Orders

Based on current export trends, the sector's total export value for 2026 is likely to exceed US$48–48.6 billion, surpassing the US$47.1 billion recorded in 2025. Growth is expected to be driven primarily by raw material exports and an uptick in garment orders during the year-end peak season. Garment export value is expected to improve in the final months compared to the first half, supported by seasonal factors as businesses ramp up deliveries for the 2026 year-end and early 2027 holiday seasons .

### Vinatex Reports Strong Q3 Performance with Nine-Month Profit Up 41%

Vinatex's consolidated pre-tax profit reached nearly VND 1,473 billion in the first nine months of 2026, a 41% increase year-on-year and exceeding the full-year plan by 6.7%. In Q3 2026 alone, consolidated net revenue reached VND 5,296 billion (up 4.8%), with gross profit up 30.8% and pre-tax profit up 43%. The yarn segment was a standout performer, with revenue reaching VND 6,661 billion (up 15.9%) and profit up 168.1%. All 12 yarn units reported positive profits. The garment segment remained the largest profit contributor, with revenue of VND 5,853 billion and pre-tax profit of VND 679.2 billion .

### US Remains Largest Market at Nearly US$14 Billion, While Japan and South Korea Decline

The United States continued to be Vietnam's largest textile and garment export market, with turnover reaching nearly US$14 billion in the first nine months of 2026, up 3.2% year-on-year. In contrast, demand in two major East Asian markets declined: exports to Japan reached over US$3.1 billion (down nearly 5%), and South Korea reached over US$2.2 billion (down nearly 3%). Smaller but high-potential markets emerged as growth drivers, with exports to the Netherlands surging 15.61% to US$1.14 billion and Cambodia reaching US$763.89 million (up 11.1%) .

# Employment & Wage

## Garment Industry Struggles to Attract Workers Despite Average Income Exceeding VND 13 Million/Month

Ho Chi Minh City's garment, textile, and footwear sector faces a significant labour shortage, with businesses seeking to recruit 3,558 positions but only 1,420 workers looking for jobs. Despite offering average income of over VND 13 million per month with full insurance benefits, enterprises like Viet Hung Joint Stock Company report difficulty meeting recruitment targets. The legal minimum wage in Region 1, which includes Ho Chi Minh City, is VND 5.31 million per month, meaning factories are paying nearly 2.5 times the statutory floor yet still failing to attract sufficient workers. Analysts note younger workers are increasingly leaving traditional manufacturing for the digital economy, services, and gig platforms .

## Employment and Wage Trends: Industry Employs Approximately 3.3 Million Workers

Vietnam's textile and apparel industry employs approximately 3.3 million workers, including 1.86 million in industrial enterprises and the remaining 1.44 million in cooperatives and household businesses. The industry comprises 15,786 enterprises, of which 7,527 employ 10 or more workers. The average monthly wage in the sector is approximately VND 10 million. Effective January 1, 2026, Vietnam increased regional minimum wages by VND 250,000–350,000 per month, equivalent to an average rise of 7.2% compared with the previous rates.

## VITAS and Industry Focus on Workforce Productivity and Skills as Labour Competition Intensifies

VITAS leadership has emphasised that the industry cannot compete on wages alone with other sectors, requiring a strategic focus on productivity improvement, technology adoption, and workforce development. The association's Technology, Innovation, and Digital Transformation Committee is supporting businesses in applying automation and AI to build smart factories and optimise operational efficiency, while skills development initiatives prepare workers for operating new production technologies. VITAS Chairman Vu Duc Giang has called for investment not just in scale and technology but in firms' ability to join the global value chain, including upgrading factory infrastructure, using automation to cut costs and lift labour productivity .

# Others/Legal

## New Regulation Bans Import of Goods Produced by Forced Labour from September 5

Under Decree 292/2026/ND-CP, effective 5 September 2026, Vietnam prohibits the import of goods produced wholly or partly by forced labour. The decree demonstrates Vietnam's commitment to improving its legal framework, fulfilling ILO conventions and international commitments, and enhancing supply chain transparency and sustainability. Businesses are advised to proactively review product catalogues, update HS codes, and verify raw material origins, production locations, and supplier information in their supply chains.

## VITAS Advances Digital Product Passport Cooperation with Taiwan Textile Research Institute

On 18 September 2026, VITAS Vice Chairwoman Nguyen Thi Tuyet Mai held a working session with representatives from the Taiwan Textile Research Institute (TTRI) and partners regarding implementation of the Digital Product Passport (DPP). The discussion reflects VITAS's proactive engagement with emerging EU traceability requirements and its efforts to prepare members for compliance with the Ecodesign for Sustainable Products Regulation .

## Temporary Suspension of Used Textile and Footwear Imports Extended Through 2029

Circular No. 41/2026 from the Ministry of Industry and Trade, effective 5 September 2026 to 31 December 2029, temporarily suspends the import, re-export, and transshipment of used goods including various types of fabrics, carpets, knitted fabrics, garments, blankets, towels, curtains, and the entire footwear group (HS Chapter 64). The regulation aims to strengthen management and prevent Vietnam from becoming a transit point for waste and low-quality used goods.

## EU Ban on Destruction of Unsold Goods Takes Effect, Reshaping Order Patterns for Vietnamese Suppliers

From 19 July 2026, the EU's ban on the destruction of unsold clothing, accessories, and footwear took effect for large enterprises (250+ employees, revenue over €50 million) under the Ecodesign for Sustainable Products Regulation (ESPR). While the regulation directly targets brands placing products on the EU market, the impact on Vietnamese suppliers comes indirectly through buyer requirements: order sizes are becoming smaller, order frequency higher, delivery cycles shorter, and timing precision stricter. Large brands have already begun adjusting their ordering patterns from July 2026, while medium-sized enterprises have until July 2030 to comply .

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# THANK YOU!

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





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