



STAR

Sustainable Textiles of
the Asian Region

The **STAR Network** proudly presents our

Quarterly Roundup

Q2 2025



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

FOREWORD



Mr. Fazlee Shamim Ehsan

Chairman, STAR Board

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 Board

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

Q2 2025



EXECUTIVE SUMMARY

In Q2 2025, the garment and textile industry across Asia maintained cautious growth amid geopolitical, economic, and environmental challenges. While exports recovered in many markets thanks to resilient demand in the EU and U.S., trade barriers, energy costs, and competitive pressure from regional rivals tested margins. Factories invested in modernization, worker welfare, and green energy to align with buyers' sustainability expectations. Employment remained steady but increasingly reliant on overtime, with wage growth uneven and often driven by mandated hikes rather than productivity. Governments and industry bodies launched reforms and strategic frameworks aimed at enhancing competitiveness, diversifying markets, and improving working conditions.

Key Takeaways



Employment stayed robust, despite pressure from automation, skills gaps, and turnover

The sector remained the largest employer in many countries: ~20M in Pakistan, ~4M in Bangladesh, ~930K in Cambodia, but faces rising turnover, skills gaps, and displacement from automation. Some factories rolled out training programs, mental health pilots, and gender-friendly policies to improve retention and productivity.



Rising minimum wages face pressure to increase, focus on gender equity & living wage

Minimum wage increases were seen or demanded nearly everywhere: Pakistan raised national wage to PKR37,000/month (with some provinces higher), Cambodia to \$208/month, Myanmar workers struck to raise base pay, and Vietnam prepared for a July hike. Inflation easing in Pakistan and China stabilized real incomes, but high energy and input costs offset gains.



Sustainability & Energy transitions accelerated regionally with green investments.

Sustainability emerged as a competitive necessity: Vietnam tripled its solar target to 16%, Cambodia committed to 70% renewables by 2030, and Pakistan reaffirmed 60% clean energy by 2030. Factories increasingly adopted solar, microgrids, energy-efficient machinery, and eco-certifications. Buyers prioritized green suppliers with traceability and lower emissions.



Political and trade dynamics reshaped opportunities and risks in all key markets.

Governments in Bangladesh (labor reforms, US tariff risks), Vietnam (U.S. trade deal, FTA benefits), China (tariff challenges, diversification), Pakistan ('Uraan Pakistan' plan), and Myanmar (10-year MGMA strategy) all launched or adjusted policies to bolster competitiveness. Yet, trade tensions still affected confidence in all markets.



April Exports rebounded April, softened in May for some, EU & U.S. remain key markets.

Exports surged in April in most countries, Bangladesh (+37% to EU), Pakistan (+11% YoY), Vietnam (+12.6% in May) - before moderating slightly in May. The U.S. and EU markets still accounted for most volumes, but exporters increasingly targeted ASEAN, Japan, and emerging markets while investing in value-added, sustainable products.









U.S. Reciprocal Tariffs

The elevated U.S. tariffs on key Asian garment-producing countries in 2025 highlight the importance of continued diplomatic engagement and regional collaboration.

On July 8th, 2025, The U.S. sent letters setting new tariffs ranging from 20% to 55% on key Asian exporters effective August 1, 2025. Cambodia, Bangladesh, and Myanmar face steep rates around 35-40%, while Vietnam secured a lower 20% rate but higher penalties for suspected 'trans-shipment'. China's tariffs remain high due, with additional potential tariffs. Pakistan stands at 29%, with a possible trade framework in the works to alleviate.

At a broader level, these developments signal a shift toward more fragmented and politicized global trade, posing risks to supply chain stability, long-term investment in sustainable practices, and the livelihoods of millions of workers in the region if left unaddressed. The STAR Network advocates collectively for fair and sustainable trade conditions that reflect our members' efforts toward responsible production and regional resilience that supports employment, and is fair to all members.

Despite developments, it is clear these reciprocal tariffs remain a dynamic matter. The U.S. themselves in the latest letter states that the following rates can be subject to change. Further developments are expected.







Country	Tariff Rate (Effective August 1, 2025)	Negotiation Status	Sources
Cambodia 	36% (Effective Aug 1 st , 2025)	Framework for trade agreement reached in early July, Reduced from an earlier 49% rate; covers all Cambodian products	Khmer Times
Vietnam 	20% (General) 40% (Trans-shipped goods)	Trade deal finalized in early July, 20% tariff on Vietnamese goods, 40% on trans-shipped good	The Nation CNBC Vietnam Briefing
Myanmar 	40% (Effective Aug 1 st , 2025)	No new deal, full tariff in effect	L.A. Times
China 	55% (Blended/Stacked Tariffs, Effective Aug 1 st , 2025)	Combination of multiple tariffs; effective rate on most goods is above 30%. *Potentially additional 10% Tariff for China's BRICS Membership	Aljazeera China Briefing BBC
Pakistan 	*29% (Effective Aug 1 st , 2025)	Framework for trade deal reached in early July; 29% tariff remains unless deal finalized	ISSI Profit PCMA
Bangladesh 	35% (Effective Aug 1 st , 2025)	On-going negotiations, 35% tariff remains unless deal finalized	The Daily Star Modern Diplomacy



Regional Energy Landscape

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

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

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



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Bangladesh

বাংলাদেশ



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Country Profile

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

Population

National Population as of 2025:

~175 Million



Median Age (Years)

26.0



Minimum Wage

Approx. USD 105

Key Sectors

Key Pillars of the Economy:

Garments

Textiles

Agriculture



Garment & Textile Export (USD)

38.48 Billion

(2024)

2nd largest global apparel exporter

Total Workforce in GFT

~4 Million

% Women in Workforce

~60%

Top Export Destinations



Key Trade Agreements

Notable Trade Agreements include:

EU EBA | SAFTA | APTA | BB-PTA



Installed Capacity

~25,000 MW



Energy Cost (US Cents/kWh)

~6 - 10 Cents / kWh

U.S. Reciprocal Tariff

35%



Effective August 1st, 2025

On-going negotiations, 35% tariff remains unless deal finalized

GDP (USD)

450.12 Billion

(2024)

GDP Growth Estimate (%)

3.9% (2025)



Politics

New Interim Government and Election Date Set

After the fall of the fascist regime led by Sheikh Hasina, the interim government took charge of the country for a certain period. The Chief Advisor of the interim government, Dr. Mohammad Yunus, recently announced that the next general election will be held by mid-2026. ([The Business Standard, June 2025](#))

New US Tariff Rates of 35% as of July 2025

Currently US government imposed 35% reciprocal tariff on Bangladeshi product, down from an initial 37%. Bangladesh government negotiated with US government on the possible reductions, and now continues to negotiate for possible further reductions. ([The Business Standard, July 2025](#))



Exports

Export Performance RMG of May (2024-25) Compared to May (2023-24) (Value in million USD)

Month	Knitwear		Growth Rate	Woven		Growth Rate	RMG (Knit+ Woven)		Growth Rate
	Fiscal Year			Fiscal Year			Fiscal Year		
	2023-2024	2024-2025		2023-2024	2024-2025		2023-2024	2024-2025	
May	1,912.78	2,161.93	13.03%	1,591.07	1,757.13	10.44%	3,503.85	3,919.07	11.85%

Traditional markets are still key dominant for Bangladeshi RMG sector.

EU (49.91% of the world) and US (19.23%) held the lions portion of the world's export followed by UK and Canada. (Data calculated by BKMEA R&D; Source: [Export Promotion Bureau](#))

Export to non-traditional market are rising up

Countries like Japan, Turkey, India, Mexico, Australia. In July–May FY25 non-traditional market, earning is \$6.04billion and 16.53% of the total world's export. ((Data calculated by BKMEA R&D; Source: [Export Promotion Bureau](#))

India Restrictions Increases Cost

Recently India imposed restrictions on land-route RMG imports, which raise logistics costs and shipment time issues. ([The Business Standard, May 2025](#))



Employment

RMG Sector is 80% of Export Earnings, Employs ~4 Million Workers

The ready-made garment (RMG) industry accounts for over 80% of the country's export earnings and remains the largest employer in Bangladesh's manufacturing sector, with approximately 4 million workers as of early 2025. Women constitute a significant portion of this workforce, though recent automation trends have reduced their share from around 80% to closer to 60%. [Economics Observatory, March 2025](#)

Automation Cuts Workforce by Over 30%, Affecting Entry-Level Jobs

A study by Bangladesh Labour Foundation and BRAC University entitled as 'Assessment of Technological Transition in the Apparel Sector of Bangladesh and Its Impact on Workers' examined that technological upgrades in Bangladesh's RMG sector have resulted in a **30.58%** reduction in overall employment, predominantly affecting entry-level positions. [The Business Standard](#)

Skill Gaps and Training Needs Remain a Challenge

Despite the sector's growth, there is a shortage of skilled workers, particularly in technical and soft skills. Estimates suggest a demand for training of over 1.5 million workers by 2026 to meet industry needs and maintain competitiveness. [Labour Market and Skill Gap Analysis for RMG Industry, 2023](#)



Wage

Minimum Wage Stable at BDT 12,500 per Month Since Late 2023

The official minimum wage for garment workers has remained at 12,500 Bangladeshi taka (~USD 105) per month since December 2023. This rate was a significant increase from the previous 8,000 BDT but has not changed in 2024 or 2025. [Trading Economics, PiHR](#)

Industry and Government Responses to Wage Pressure

The Bangladeshi Government, Bangladesh Employers Federation, BKMEA, BGMEA, and worker's unions formed a tripartite board to review wages, balancing worker welfare with industry competitiveness. Reviews of RMG workers' wages are done every five years. While the 12,500 BDT minimum wage is implemented in over 99% of factories, many stakeholders emphasize the need for gradual wage increases linked to productivity and inflation. [The Daily Star, Nov 2024, Business & Human Rights Resource Centre, Mar 2023](#)



Others/Legal

Ambitious Renewable Energy Targets in Draft Policy 2025

The draft Renewable Energy Policy 2025 aims for 20% of electricity generation from renewables (about 6,145 MW) by 2030 and 30% (17,470 MW) by 2041. However, these targets are considered ambitious given Bangladesh's current renewable capacity of around 5% and challenges in infrastructure, financing, and realistic demand forecasting. [The Daily Star, April 2025](#)

Need for Diversification & Investment to Reduce Fossil Fuel Dependence

Bangladesh faces declining domestic gas supplies (expected 25% drop by 2025) and increasing reliance on fossil fuel imports, creating financial & energy security risks. Expanding utility-scale solar and wind projects, improving infrastructure, and mobilizing international finance critical to diversify energy mix and meet electrification goals sustainably. [Bangladesh Investment Summit 2025, Climate Analytics, Jan 2025](#)

Progress and Challenges in Labor Law Reform and Worker Safety

The government, with ILO support, is advancing reforms in labor law, trade union registration, and labor inspection. However, concerns remain about excessive employer influence weakening worker safety programs, notably the Ready-Made-Garment Sustainability Council's governance, which some NGOs argue undermines inspection integrity and delays critical safety improvements.

[ILO Report, March 2025](#) [Clean Clothes Campaign, June 2023](#)



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China

中国



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Country Profile

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

Population

National Population as of 2025:

1.43 Billion



Median Age (Years)

40.1



Minimum Wage

USD 250-400

Key Sectors

Key Pillars of the Economy:

Electronics



Garments



Services



Garment & Textile Export (USD)

301.1 Billion

(2024)

The largest global apparel exporter

Total Workforce in GFT

+10 Million

% Women in Workforce

~50-60%

Top Export Destinations



Key Trade Agreements

Notable Trade Agreements include:

RCEP | CAFTA | Bilateral FTAs



Installed Capacity

~3,200,000 MW



Energy Cost (US Cents/kWh)

7.5 Cents / kWh

U.S. Reciprocal Tariff

55%



Effective August 1st, 2025

Combination of multiple tariffs; effective rate on most goods is above 30%. *Potentially additional 10% Tariff for China's BRICS Membership

GDP (USD)

18.74 Trillion

(2024)

GDP Growth Estimate (%)

~5.0% (2025)



Politics

Government Emphasizes Industrial Upgrading and Sustainability

China's 2025 policy agenda focuses on advancing industrial modernization and promoting sustainable manufacturing practices. These measures aim to enhance the garment sector's competitiveness by encouraging adoption of new technologies and environmentally friendly production methods. [China Briefing, March 2025](#)

US Tariff Increases Affect Garment Exports

In early 2025, the United States implemented increased tariffs on Chinese imports, including textiles and apparel. These tariffs, which include ad valorem duties and per-item charges, have introduced additional costs for Chinese exporters and affected trade flows. The changes have prompted adjustments in supply chain strategies within the garment industry. [China Briefing, April 2025](#), [Reuters, May 2025](#)

Trade Tensions Lead to Export Fluctuations and Industry Adjustments

The tariff environment has contributed to a 4.5% year-on-year decline in China's textile exports in early 2025. Some factories have experienced reduced orders and production adjustments, reflecting the sector's response to evolving trade conditions and market demands. [China Labour Bulletin, August 2024](#), [DW, May 2025](#)



Exports

Mixed Exports Performance Amid Challenges

China's textile and garment exports showed a mixed performance in early 2025. While there was a 4.5% decline in exports during January-February due to trade tensions and seasonal factors, exports rebounded strongly in March and April, with total exports reaching approximately USD 314 billion in April, an 8.1% year-on-year increase. [Fibre2Fashion, April 2025](#), [China Briefing, May 2025](#)

Growth in Apparel Categories Despite Price Pressure

Export volumes increased notably in knitted apparel (+12.5%) and woven apparel (+13.6%) segments, although unit prices declined due to competitive pressures and tariff impacts. This indicates sustained demand but also challenges in maintaining profit margins. [National Bureau of Statistics of China, 2025](#)

Diversification and Market Adaptation Efforts

Chinese garment exporters are increasingly focusing on higher-value and sustainable products to adapt to changing global market demands and mitigate risks from trade restrictions. Efforts include expanding into emerging markets and investing in green manufacturing. [China Briefing, May 2025](#)



Employment

Garment and Apparel Employment Around 2 Million Workers

As of March 2025, China's garment and apparel sector employed approximately 2 million workers, showing a slight increase from about 1.99 million in February 2025. Employment in this sector has fluctuated over recent years, with a peak around 4.6 million in 2014 and a low near 1.98 million in early 2024. [CEIC Data - China Number of Employee: Garment & Apparel, Mar 2025](#)

Textile Sector Employment Slightly Higher at Over 2.4 Million

The broader textile sector, which includes garment manufacturing, reported employment of approximately 2.43 million workers in March 2025, up from 2.41 million in February 2025, reflecting a modest growth trend in related industries. [CEIC Data - China Number of Employee: Textile, Mar 2025](#)

Sector Facing Workforce Adjustments Due to Automation & Trade Dynamics

Despite stable employment numbers, the garment sector is undergoing workforce changes driven by automation, productivity improvements, and trade pressures such as US tariffs. These factors contribute to a gradual shift in labor demand, with increased focus on skilled workers and technical training programs. [China Briefing - Navigating China's Evolving Labor Market in 2025](#), [China Labour Bulletin - Tariff Crisis Hits Garment Workers](#)



Wage

Steady Growth in Manufacturing Wages

Average yearly wages in China's manufacturing sector increased to approximately RMB 103,932 (~USD 15,000) in 2023, up from RMB 97,528 in 2022. However, wages are projected to slightly decline to around RMB 99,000 by the end of 2025 due to economic pressures. Over the long term, wages are expected to stabilize near RMB 102,000–105,000 by 2026–2027. [\[Trading Economics, 2025\]](#), [\[China Manufacturing Industry Tracker, May 2025\]](#)

Minimum Wages Continue to Rise Across Provinces

Minimum wages have been increasing steadily, with 30 provinces surpassing RMB 2,000 (~USD 275) per month as of mid-2025. Notable increases occurred in Sichuan, Chongqing, Guangdong, Fujian, and others in early 2025. Shanghai holds the highest monthly minimum wage at RMB 2,690 (~USD 370), and Beijing has the highest hourly minimum wage at RMB 26.4 (~USD 3.7). [\[China Briefing, June 2025\]](#)

Impact of Trade Tensions and Tariffs on Wage Dynamics

The US tariff increases in 2025 have contributed to export declines and factory slowdowns, affecting worker hours and wages in some regions. This adds complexity to wage trends, as some factories face financial pressures while others invest in automation and higher-skilled labor. [\[China Labour Bulletin, May 2025\]](#)



Others/Legal

Digitalization and Innovation in Textile Manufacturing

China's textile industry is advancing through innovation and smart upgrades, including digital textile printing and full automation of manufacturing processes. For example, factories in Zhejiang and Nantong have increased output value by over 20% and exports by around 30% in early 2025, while improving labor efficiency and reducing costs through automation. Personalized and functional apparel is a growing market focus. [[Newsflare, June 2025](#)]

China's Renewable Energy Mix and 2025 Targets

China aims to add over 200 GW of new renewable energy capacity in 2025, bringing total installed capacity to more than 3,600 GW by year-end, including around 1,610 GW of renewable sources such as solar, wind, hydro, and nuclear. As of early 2025, combined solar and wind capacity reached about 1,456 GW, surpassing coal capacity for the first time, with renewables comprising 43% of total installed power capacity. Non-fossil energy sources are expected to account for approximately 20% of China's total energy consumption in 2025. Despite these advances, coal remains significant, representing over 56% of energy consumption in 2024. The government is also investing heavily in grid modernization to better integrate renewable sources. [[Enerdata, March 2025](#)] [[Climate Energy Finance, March 2025](#)] [[S&P Global, April 2025](#)]



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Cambodia

កម្ពុជា



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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 208

(For GFT Sector)

Key Sectors

Key Pillars of the Economy:

Garments & Footwear



Tourism



Agriculture



Garment & Textile Export (USD)

9.7 Billion

Garment sector largest employer; dependent on preferential trade agreements

Total Workforce in GFT

~900K

% Women in Workforce

~80%

Top Export Destinations



Key Trade Agreements

Notable Trade Agreements include:

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

FTAs: Cam-China, Cam-S.Korea, Cam-UAE, ASEAN FTA



Installed Capacity

~5,044 MW



Energy Cost (US Cents/kWh)

13.7 Cents / kWh

U.S. Reciprocal Tariff

36%



Effective August 1st, 2025

Framework for trade agreement reached in early July. Reduced from an earlier 49% rate; covers all Cambodian products

GDP (USD)

46.35 Billion

(2024)

GDP Growth Estimate (%)

4.0% (2025)



Politics

Rising Tensions Between Thailand & Cambodia

Thailand's internal political instability has significantly strained its diplomatic relationship with Cambodia. Tensions have escalated dramatically along the Thai-Cambodian border, with the Thai military deploying troops and weapons to the area. The situation intensified on 28 May 2025, when a Thai soldier allegedly shot a Cambodian soldier stationed on Cambodian territory. This incident marked a turning point, triggering a series of retaliatory actions from both sides. Following the shooting, Thailand began closing several border gates, prompting Cambodia to take similar actions. In addition, Thailand issued threats to cut off critical supplies, including electricity, internet services, and petroleum products. In response, Cambodia proactively ceased the use and import of these resources from Thailand, signaling a sharp deterioration in bilateral ties. The border standoff continues to pose serious risks to regional stability, economic cooperation, and the wellbeing of border communities on both sides.

Cambodia-US Trade Agreement Framework Agreed. Tariffs down to 36%

Cambodia and the United States agreed to a framework for a trade agreement, the Cambodian government announced just days ahead of the Trump administration's July 9 tariff deadline. The U.S. announced new tariff reduction from the previous 49% rate to 36% - with these rate going into effect on August 1st, 2025. However much like other affected countries, it was cited that the rates could change, given further negotiations.



Exports

Total GFT Exports Statistics

Cambodia's total GFT exports reached USD 4.58 billion in the first 4 months of 2025. Garment products led with USD 3.14 billion, followed by bags (USD 635M), footwear (USD 623M), and other textile products (USD 180M). Source: GDCE

Export Performance & Comparison to previous quarter

- The US Market was the top destination (USD 1.78B), followed by the EU (USD 1.22B) and other markets (USD 806M). Exports to Japan (USD 415M), the UK (USD 259M), and ASEAN were USD 94.5M.
- The total value of the GFT Sectors in the First 4 months of 2025 is 4.58 billion, an increase of approximately 22% compared to the total value of 3,76 billion in the first 4 months of 2024.

No.	Description	2024	2025	Increase in %
1	Garment	\$2.59B	\$3.14B	21.2%
2	Footwear	\$453M	\$623M	37.5%
3	Travel Goods & Bag	\$562M	\$635M	13%
4	Other Textile Product	\$151M	\$180M	19.2%



Employment

Garment, Footwear, Travel Goods Remain Key Employer

As of May 2025, there are 1,685 factories in Cambodia's Garment, Footwear, and Travel Goods (GFT) sectors, employing a total of 935,845 workers, 80% or roughly 700,000 of whom are women. This makes the GFT sector a fundamental core of the Cambodian economy. [Cambodia GFT Sectoral Brief Issue 4](#)

Labour Shortage Despite Uncertainties

Despite ongoing trade uncertainties, the industry is currently experiencing a labor shortage, particularly in factories located in urban areas. Additionally, due to the recent border dispute with Thailand, Cambodian migrant workers in Thailand have faced discrimination, prompting many to return home. In response, the Cambodian government, in collaboration with relevant stakeholders, has taken steps to support the reintegration of these returning workers, including facilitating their employment in the GFT sector.



Wage

GFT Sector Minimum Wage Remains Stable

Cambodia sets the minimum wage for the Garment, Footwear, and Travel Goods (GFT) sector on an annual basis, with the official announcement typically made in late September or early October for the following year. For 2025, the minimum wage in the GFT sector is set at **\$208 per month**, while the average monthly wage stands at \$282.



Others/Legal

Government Targets and Power Development Plan

Cambodia aims to increase renewable energy's share to 70% of electricity generation by 2030, focusing on expanding solar and hydropower capacity while halting new coal and Mekong mainstream hydropower projects. The Power Development Master Plan 2022-2040 targets 27.7% hydropower and 17.9% solar by 2030, with further increases by 2040. [*Energy Tracker Asia, ADB PDP 2022-2040*](#)

Update On Rooftop Solar Usage Requirements

The Electricity Authority of Cambodia (EAC) has released an update on the Principles and Procedures for Requesting the Installation and Use of Rooftop Solar Energy Systems, classifying rooftop solar into two main types.

Type 1, Off-Grid Solar with Battery Storage: Does not require installation permission, notification to the EAC, or subject to compensation tariffs.

Type 2, On-Grid Solar Differentiates between system sizes: small systems (under 10 kWac) do not need EAC permission, while medium to large systems (10 kWac and above) require permission via the EAC Web Portal. Furthermore, these larger systems must be installed by one of the twelve EAC-licensed companies (listed via QR code), include a generation meter, and have a validity period of seven years with the possibility of extension.



Others/Legal

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



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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)

~8.0 Billion

(2024)

Emerging garment exporter; smaller scale

Total Workforce in GFT

~400K

% Women in Workforce

~70-75%

Top Export Destinations



Key Trade Agreements

Notable Trade Agreements include:

AFTA | RCEP | ASEAN + 1 | BIPAs



Installed Capacity

~7,100MW



Energy Cost (US Cents/kWh)

~14.4 Cents / kWh

U.S. Reciprocal Tariff

40%



Effective August 1st, 2025

No deals made, Tariff will go in full effect

GDP (USD)

64.28 Billion
(2024)

GDP Growth Estimate (%)

-2.5% (2025)



Politics

MGMA Launches 10-Year Strategic Plan

In Q2 2025, the Myanmar Garment Manufacturers Association (MGMA) unveiled an ambitious 10-year strategic roadmap (2025–2034) aimed at transforming Myanmar's apparel sector into a globally competitive, technologically advanced, and sustainable industry. The plan outlines key priorities including expanding international market reach, investing in workforce development to build skills and improve productivity, and adopting modern technologies across production processes. MGMA has set an aspirational target of reaching a \$15 billion industry valuation by 2034, signaling its intent to position Myanmar as a significant player in the global garment and textile supply chain while enhancing the sector's contribution to the national economy. [*Fibre2Fashion*](#)

Political Instability Continues to Suppress Investment

Persistent military rule and ongoing civil unrest continued to suppress investor confidence and deter major international buyers from expanding their sourcing operations in Myanmar during Q2. The political instability has created an unpredictable business environment, with concerns over security, compliance risks, and reputational issues weighing heavily on brands and investors. As a result, the garment industry's recovery remains fragile, with limited new investment and cautious engagement from global partners, underscoring the significant challenges the sector faces despite its growth potential. [*AINVEST*](#)



Exports

Export Diversification Remains Limited, Heavy Dependence on EU Market

Myanmar's garment export landscape in Q2 2025 shows a continued heavy dependence on the European Union, with only marginal diversification toward other markets. According to the World Bank's June 2025 Economic Monitor, garment exports to the EU declined by 1% from October 2024 to March 2025, while shipments to Asian markets like Japan and South Korea increased - but without offsetting the EU dip. This limited progress in branching out beyond the EU means Myanmar remains highly exposed to changes in EU trade policies, geopolitical tensions, or compliance requirements, reinforcing the importance of accelerating strategic efforts to expand into alternative regions. [*World Bank*](#)

Myanmar's cut-make-pack (CMP) garment exports remained subdued

CMP in Q2 2025 continues to lag well below pre-crisis peak levels as international brands held back on expanding sourcing from the country. According to the World Bank's Myanmar Economic Monitor (June 2025), garment exports fell by about 1% year-on-year in the October 2024–March 2025 period, reflecting cautious buyer sentiment amid persistent political instability and civil conflict. This hesitancy from global brands, driven by heightened risk perceptions and compliance concerns, left the sector without a meaningful rebound in export orders during the quarter.

[*World Bank*](#)



Employment

Sector Remains Major Employer of 500,000, Most of Whom are Women

Myanmar's garment and textile sector currently employs approximately 500,000 workers, the vast majority of whom are women, over 80%. Looking ahead, the Myanmar Garment Manufacturers Association (MGMA) projects significant growth, targeting employment expansion to between 1.2 million and 1.6 million workers by 2034 as outlined in its 2025–2034 strategic plan. This outlook underscores both the industry's current role as a major employer in Myanmar and its ambitious aspirations for workforce growth in the coming decade. [Asia Garment Hub](#)

100,000 Workers Affected by Factory Shutdowns

An estimated 100,000 garment workers in Myanmar were impacted by factory shutdowns or reduced working hours in Q2 2025 after a major earthquake damaged production facilities and disrupted operations across key industrial zones. According to Just-Style, the earthquake not only caused structural damage to factories but also interrupted supply chains and utilities, forcing many employers to halt or scale back production. The incident underscored the vulnerability of the industry and its workforce to natural disasters, compounding the challenges already posed by political instability and a fragile economy. [JustStyle](#)



Wage

Strike in Yangon Secures Wage Gains

In late May through June 2025, more than 6,200 garment workers in Yangon staged a strike that successfully secured wage increases and better benefits. According to the World Bank's Myanmar Economic Monitor (June 2025), the workers achieved a raise in base pay from MMK5,200 to MMK5,800 per day (approximately US\$2.47 to \$2.76), alongside improvements in allowances and overtime compensation. This labor action highlighted the continued pressure for better working conditions in Myanmar's garment sector, even amid the broader political and economic challenges facing the industry. [Solidarity Center](#)

Earthquake Worsens Worker Wage Losses

The recent earthquake severely exacerbated wage losses for thousands of garment workers in Myanmar, as factory closures and reduced production capacity left many without pay for extended periods. According to Just-Style (May 2025), these disruptions intensified the financial hardships faced by workers already vulnerable due to the country's ongoing political and economic challenges. The prolonged income loss has further strained household livelihoods, highlighting the urgent need for stronger social protections within the sector. [JustStyle](#)



Others/Legal

MGMA Coordinates Relief and Appeals to Buyers

The Myanmar Garment Manufacturers Association (MGMA) mobilized donations from local factories and requests financial support from international brands. These efforts reflect pressure for transparent corporate responsibility and may lead to new legal frameworks around disaster relief. [Global Textile Times](#)

Economic Shock from Earthquake Hits Production Costs

A 7.7+ magnitude quake in late March inflicted estimated damages of US\$11 billion ($\approx 14\%$ of GDP), straining government finances and slowing reconstruction. The expected 2.5% fiscal year GDP contraction intensifies cost pressures and complicates compliance for exporters. [World Bank](#)

Major Damage to Energy Infrastructure Escalates Costs

Earthquake-hit substations, transmission lines, and power plants in Mandalay and NayPyiTaw caused prolonged blackouts. Energy-dependent garment factories now rely heavily on diesel generators, increasing operating costs and raising compliance issues around emissions and workplace safety. [Recessarry](#)



STAR

Sustainable Textiles of
the Asian Region

Quarterly Roundup

Pakistan

پاکستان



Q2 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 130 - 141

Key Sectors

Key Pillars of the Economy:

Textiles

Garments

Agriculture

Garment & Textile Export (USD)

~16.7 Billion
(2024)

Growing exports to US;
textile base strong

Total Workforce in GFT

~20 Million

% Women in Workforce

~25%

Top Export Destinations



Key Trade Agreements

Notable Trade Agreements include:

GSP+ | China FTA | SAFTA |
Bilateral FTAs | TPA-OIC |



Installed Capacity

~46,605 MW

Energy Cost (US Cents/kWh)

~13.5 Cents / kWh

U.S. Reciprocal Tariff

29%

Effective August 1st, 2025

Framework for trade deal reached
in early July; 29% tariff remains
unless deal finalized

GDP (USD)

373.07 Billion
(2024)

GDP Growth Estimate (%)

2.7% (2025)



Politics

Political Stability Remains Crucial for Pakistan's Economic Growth

When political stability is absent, economic progress often stalls. Pakistan's economic highs and lows have consistently mirrored its political turbulence. The country's dream of sustained economic stability depends heavily on fostering serious political harmony at the national level. Throughout the recent period, the political environment remained cautious, with limited space for bold reforms. As a result, investors and business groups largely adopted a wait-and-see approach, underscoring political stability as an essential prerequisite for meaningful economic recovery.

"Uraan Pakistan" Project: Textiles Lead the Drive for Export Growth

Under the government's five-year economic framework, "Uraan Pakistan," modernization, value addition, and export-friendly reforms are prioritized across eight key sectors: textiles, agriculture, industry, IT, services, manpower, the blue economy, and creative industries. The textile sector—long regarded as the backbone of Pakistan's manufacturing base—is expected to lead this initiative. Supported by strong institutional backing and expanding international cooperation, the sector aims to drive export-led growth, leveraging innovation, equity, and sustainability to transform challenges into opportunities.

Economic Resilience Amid Global and Domestic Challenges

Despite a slowdown in global economic growth, Pakistan's economy demonstrated notable resilience, rebounding from a 0.2% contraction in FY2023 to a 2.5% growth rate in FY2024, with an estimated 2.7% growth projected for FY2025. The macroeconomic situation remained stable, supported by a current account surplus of \$1.9 billion in the first nine months of FY2025, compared to a \$200 million deficit a year earlier. The central bank has aggressively cut policy rates by over 1,000 basis points, easing from 22% to 11% to stimulate growth. However, growth was restrained by a decline in large-scale manufacturing output and the agricultural sector's lowest growth in nine years (0.6%), affected by adverse weather. Pakistan also faces a potential 29% tariff on exports to the US due to a \$3 billion trade surplus, with both countries engaging in ongoing negotiations to reach a mutually beneficial trade agreement. Looking ahead,

Pakistan's economic outlook suggests gradual stabilization with moderate growth, supported by reforms and increased private investment, but persistent challenges like high debt and political uncertainty remain.



Exports

Textile Exports Show Resilience Despite Monthly Fluctuations

Pakistan's textile exports posted strong growth in April 2025, rising by an impressive 11.11% year-on-year to reach \$1.444 billion, compared to \$1.3 billion in April 2024. However, May 2025 saw a slight year-on-year dip of 1.75%, landing at \$1.53 billion. Notably though, May's figure still reflected a sharp month-on-month rebound from April, signaling underlying momentum in the sector. While data for June 2025 has not yet been reported, the healthy growth in April combined with May's recovery suggests the quarter is likely to exceed \$4.05 billion in total textile exports.



Diversified Markets, Strong Demand for Eco-Friendly Products

The U.S. remained the largest individual market for Pakistani textiles, with continued growth in demand for knitwear and ready-made garments. The EU market also showed a gradual rebound, particularly in key countries like Germany, Netherlands, France, and Italy, helped by rising interest in eco-friendly and certified textiles aligned with evolving EU Green Deal and CBAM (Carbon Border Adjustment Mechanism) discussions. In Asia, China recorded moderate growth in imports of Pakistani yarn and grey cloth, supported by the CPFTA Phase-II, and some Pakistani exporters even explored joint ventures and subcontracting with Chinese buyers. Exports to Africa and the Middle East grew modestly, driven mainly by institutional uniforms and towels, while Turkey rebounded as a mid-tier buyer for semi-processed textiles.

Risks and Competitive Pressures Remain

Despite strong export performance, Pakistan faces risks on the horizon. The potential non-renewal of the EU's GSP+ status, or the imposition of stricter conditions over concerns about human rights, labor compliance, and environmental performance, could raise tariffs on Pakistani textiles by an estimated 4–12%. Meanwhile, Bangladesh, Vietnam, and India continue to pose stiff competition: Bangladesh excels in apparel and cost-efficiency with low wages and large-scale production; Vietnam leverages its FTAs—particularly with the EU—for tariff-free exports; and India's Production Linked Incentive (PLI) Scheme is subsidizing its textile sector to boost global market share. These dynamics underscore the need for Pakistan to sustain reforms, improve compliance, and enhance competitiveness to maintain its position in global markets.



Employment

Employment Landscape and Challenges in Pakistan

Around 80 million people in Pakistan are either employed or actively seeking work, with approximately 20 million workers in the textile sector, making it the country's largest employment sector. Each year, nearly 2 million youth enter the job market, but job creation has not kept pace due to skills mismatches and persistently low female labor force participation. This gap highlights the urgency for more inclusive and targeted workforce development strategies that address these structural challenges.

Evolving Skills Demand Across Sectors

The Pakistani labor market is witnessing strong demand for skilled workers in both traditional and emerging roles. In textiles, there is high demand for pattern makers, machine operators, quality controllers, and fashion designers, along with growing needs in digital textile printing, automated stitching, and eco-compliance auditing. Skills related to green manufacturing and sustainable processing—such as water use optimization and waste treatment—are becoming increasingly critical. Beyond textiles, demand is surging for professionals in IT and digital domains, including software programmers, web and mobile developers, cybersecurity experts, data analysts, digital marketing specialists, and those adept in e-commerce and social commerce.

Government and Industry Initiatives to Improve Standards

To mitigate inflationary pressures and enhance living standards, the government recently raised the minimum wage to Rs.40,000 per month (about \$141.1). Export-oriented textile units have expanded adoption of internationally recognized certifications, such as BSCI, WRAP, SEDEX, GOTS, and OEKO-TEX, and many have introduced independent grievance redress systems for female workers. Additionally, mandatory industrial safety training and pilot mental health awareness programs are being rolled out in labor-intensive sectors. To modernize skill development, the Government and industry—with support from GIZ and the EU—launched the TVET Sector Support Program (TSSP), which promotes competency-based training aligned with modern garment and machinery operation standards.



Wage

Provincial Wage Hikes and Expanded Coverage

For FY2025–26, the federal minimum wage remains at PKR 37,000 per month, but both Punjab and Sindh have raised their provincial minimum wages to PKR 40,000 (about \$141) per month, effective July 1, 2025, to help workers cope with rising living costs. Minimum wage laws have also been expanded in some provinces to cover more worker categories, including those in the domestic, agricultural, and informal sectors. Notably, Punjab and Sindh introduced Equal Pay for Equal Work principles and digital wage compliance mechanisms to address gender-based wage disparities and ensure proper implementation of wage regulations.

Rising Wages in Export-Oriented Sectors

Wage growth has been more pronounced in export-oriented industries like textile and apparel, driven largely by global compliance standards and increasing pressure from international buyers to meet living wage benchmarks. These dynamics underscore how external market forces and sustainability expectations are influencing labor standards in Pakistan's key export sectors.



Others/Legal

Power Capacity and Renewable Energy Landscape

Pakistan's total installed power generation capacity stands at approximately 45,000 MW, with hydropower dominating the renewable energy mix at 24%, thanks to large-scale projects like Tarbela, Mangla, and the ongoing Dasu and Mohmand Dams. These projects remain central to Pakistan's clean energy ambitions and energy security strategy.

Clean Energy Targets and Growth Prospects

Under the Alternative and Renewable Energy (ARE) Policy 2019, Pakistan aims to achieve 60% clean energy (renewables + hydropower) in its power mix by 2030. Specific targets for 2030 include: over 10,000 MW of solar, 7,000 MW of wind, and 2,000 MW from biomass and other sources. With projects like the Thar Solar Park, Gharo Wind Corridor expansions, and provincial green energy auctions underway, the renewable share of the power mix is expected to rise to 40–45% by 2030. Distributed generation and microgrids are also gaining traction, particularly in remote and underserved areas.

Industry's Shift to Green Energy and Smart Systems

Export-oriented industries, especially in garments, fashion, and textiles (GFT), are increasingly aligning with global green certification requirements such as OEKO-TEX®, GOTS, and the Higg Index. This has spurred investments in solar PV systems, smart energy management, and battery storage solutions. Additionally, many exporters are adopting IoT-based monitoring and integrating energy-efficient technologies to improve peak-load management and enhance sustainability credentials in response to international buyer expectations.



STAR

Sustainable Textiles of
the Asian Region

Quarterly Roundup

Vietnam

Việt Nam



Q2 2025

Country Profile

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

Population

National Population as of 2025:

~100 Million



Median Age (Years)

32.5



Minimum Wage

~USD 135-195

Key Sectors

Key Pillars of the Economy:

Electronics



Garments



Agriculture



Garment & Textile Export (USD)

~44 Billion

(2024)

2nd largest global
apparel exporter

Total Workforce in GFT

~3.5 Million

% Women in Workforce

~70-80%

Top Export Destinations



Key Trade Agreements

Notable Trade Agreements include:

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



Installed Capacity

~82,000 MW



Energy Cost (US Cents/kWh)

8.0 Cents / kWh

U.S. Reciprocal Tariff

20%



Effective August 1st, 2025

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

GDP (USD)

476.39 Billion
(2024)

GDP Growth Estimate (%)

7.0% (2025)



Politics

Stable Governance Enables Industry Continuity

Vietnam's one-party system has ensured political stability through Q2 2025, providing a favorable policy environment for the garment sector. This continuity has supported infrastructure development, smoother customs processes, and reforms needed to maintain competitiveness in global supply chains. The government's steady leadership has allowed businesses in the garment and textile industry to plan confidently, invest in modernization, and scale production to meet strong export demand. As global buyers prioritize reliable sourcing partners, Vietnam's ability to maintain internal stability remains a key advantage. [VietnamPlus](#)

U.S. Tariff Threat Spurs Export Rush

In Q2 2025, Vietnamese garment manufacturers worked to accelerate shipments to the U.S., their largest market, as the threat of significant U.S. tariffs on apparel loomed. Proposed reciprocal tariffs of up to 20–46%, set to take effect in July, prompted exporters to front-load orders in April and May. This led to a 33.9% YoY increase in U.S.-bound shipments in April, a clear sign that businesses were acting quickly to mitigate anticipated cost increases. While the full impact of these tariffs remains uncertain, the rush to ship early has boosted short-term export figures but raised concerns about overstocking and weaker orders later in the year. [TVS Vietnam](#)

Green and Labour Rules Foster Competitiveness

Vietnam is advancing reforms on environmental sustainability and labor rights compliance as part of its commitments under FTAs such as the EVFTA and CPTPP. In Q2, the government emphasized energy efficiency, reduced emissions, and workplace safety in factories, aligning local practices with EU Green Deal requirements and buyer expectations. These regulatory enhancements have helped garment producers improve their sustainability credentials and retain contracts with demanding international buyers, positioning Vietnam favorably compared to competitors. [VietnamPlus](#)



Exports

Record Garment Exports Strengthen Global Standing

Pakistan's textile exports posted strong growth in April 2025, rising by an impressive 11.11% year-on-year to reach \$1.444 billion, compared to \$1.3 billion in April 2024. However, May 2025 saw a slight year-on-year dip of 1.75%, landing at \$1.53 billion. Notably though, May's figure still reflected a sharp month-on-month rebound from April, signaling underlying momentum in the sector. While data for June 2025 has not yet been reported, the healthy growth in April combined with May's recovery suggests the quarter is likely to exceed \$4.05 billion in total textile exports. [VIR](#)

U.S. Dominance with Expanding EU & Asia Reach

While the U.S. remains Vietnam's largest garment export destination, accounting for an estimated 38–44% of shipments in Q2, diversification efforts continue to bear fruit. Exports to the EU grew modestly to ~9.4% of the total, with gains concentrated in Germany, France, and the Netherlands. Meanwhile, shipments to Japan and South Korea also ticked upward, helping reduce over-reliance on the U.S. market and broadening Vietnam's export portfolio. These trends reflect both buyers' risk diversification and Vietnam's success in penetrating new markets. [VietnamPlus](#)



Upgrading to Higher Value and Smarter Production

Q2 also showcased continued progress in moving the sector up the value chain. Factories invested in OEM/ODM capabilities, smart manufacturing technologies, and eco-friendly production processes. These upgrades have allowed producers to offer more sophisticated products, improve productivity, and meet the growing demand for sustainable and ethically produced garments. With increased use of automation and data-driven quality control, Vietnamese garment makers are gradually shifting from basic contract work to being strategic partners in global supply chains. [VIR](#)



Employment

Production Boom Drives Job Creation

Vietnam's robust Q2 production growth has been matched by strong employment gains in the garment sector. Industrial output in garments rose by 15.1% YoY in H1 2025, with Q2 industrial production growing by 10.3%. This expansion has translated into thousands of new jobs across the country, with factories increasing their headcounts to meet record export orders. Rising employment in the sector underscores its continued role as a major contributor to livelihoods, particularly in rural and semi-urban areas where many garment clusters are located. [Fibre2Fashion](#)

Persistent Labor Shortages Challenge Growth

Despite strong hiring, the industry continues to face persistent labor shortages, especially for skilled positions such as sewing operators, line supervisors, and machine technicians. Many factories in Q2 reported unfilled positions of up to 20%, partly due to competition from other sectors, rising living costs, and younger workers opting for alternative careers. These shortages have forced companies to offer higher wages, better benefits, and improved working conditions to attract and retain talent. [VIR](#)

Upgrading to Higher Value and Smarter Production

The sector continues to benefit from Vietnam's young and predominantly female workforce, which remains its backbone. More than half the population is under 35, and women make up the majority of garment workers, reflecting Vietnam's social and demographic advantages. These factors help ensure a steady supply of labor for the sector, even amid rising competition for workers from other industries. [Vietnam Briefing](#)



Wage

Regional Minimum Wages Effective from July

In July 2025, updated regional minimum wages came into effect, ranging from US\$135–195/month, depending on location. This legal adjustment aims to reflect inflationary pressures and regional disparities while providing a floor for worker incomes. Factories supplement these minimums with attendance bonuses, performance incentives, and meal or housing allowances, helping raise total take-home pay. [talentnet](#)



Improved Conditions Driven by Compliance Demands

Global buyer expectations for ethical sourcing have led more Vietnamese factories to adopt certifications such as WRAP, OEKO-TEX, and BSCI. In Q2, audits and compliance requirements continued to push improvements in health and safety standards, reduce excessive overtime, and address harassment and discrimination, helping to enhance Vietnam's image as a responsible sourcing destination. [Vietnam Briefing](#)

Others/Legal

Green Manufacturing and Smart Factory Investments

In Q2 2025, the garment sector continued to embrace eco-friendly manufacturing processes, investing in recycled materials, energy-efficient machinery, and water-saving technologies. These initiatives help meet stricter EU and U.S. environmental standards and enhance Vietnam's reputation as a sustainable sourcing hub. Factories are also adopting real-time monitoring and reporting systems to track environmental impacts. [WTIN](#)

Workforce Upskilling in Digital and Green Skills

Q2 saw expanded vocational training programs to equip workers with emerging skills, such as operating automated machinery, digital textile printing, and sustainability compliance auditing. These efforts are aimed at ensuring that the workforce is ready to meet the challenges of smart and sustainable manufacturing practices increasingly demanded by global buyers. [WTIN](#)

Managing Trade Risk and Market Volatility

Amid the threat of U.S. tariffs and changing buyer preferences, Vietnamese garment exporters in Q2 actively diversified their markets, accelerated shipments ahead of deadlines, and negotiated longer-term contracts to mitigate risks. Despite these efforts, some firms reported order cancellations and overstocking, revealing vulnerabilities to external shocks and the need for strategic risk management. [TVS Vietnam](#)

THANK YOU!


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




Mr. Sovichea "Vic" Saron
Head of Secretariat

For inquiries, kindly contact:

 sovichea@taftac-cambodia.org & admin@starnetworkasia.com

 (855) 69 747 483

 TAFTAC Head Office, Phnom Penh Special Economic Zone, Kambol, Phnom Penh, Cambodia