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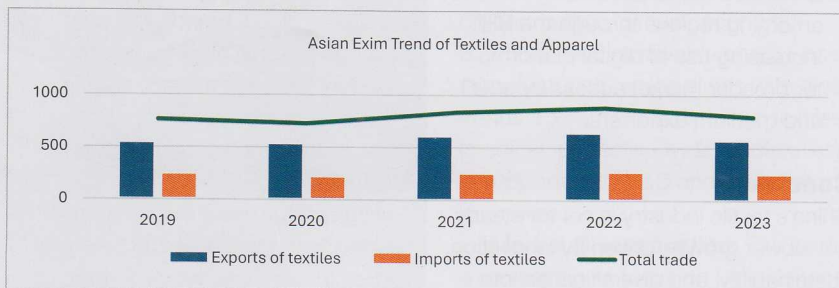
# KEY TEXTILE EXPORTING REGIONS

*The global textile trade in 2025 will be shaped by economic recovery, geopolitical shifts, technological advancements, and sustainability pressures. Economic growth, especially in emerging markets, will drive demand, while advanced economies focus on sustainable consumption. Trade agreements and initiatives like the Indo-Pacific Economic Framework (IPEF) will reshape global trade routes. This article explores the key market dynamics and challenges expected to shape textile and garment trade in 2025 across four pivotal regions: Asia-Pacific, Europe, USMCA, and Africa:*

by **FIBRE2FASHION**

# ASIA-PACIFIC: DOMINANCE AND CHALLENGES IN THE TEXTILE SECTOR

Asia-Pacific dominates global textile and apparel production, with major contributors like China, India, Bangladesh, and Vietnam leading in ready-made garments (RMG), yarn, and fabric exports. This region accounts for over 60 per cent of global exports, with the EU and the US being major consumers.



SOURCE: TexPro

## China's Textile and Apparel Industry: Trends and Outlook for 2025

China remains the world's largest textiles & apparel (T&A) supplier, with a trade value of \$322 billion (2023), though export growth has slowed to 1.98 per cent annually due to rising labour costs, stricter environmental regulations, and competition from countries like Vietnam and India. Challenges such as US-China trade tensions and evolving global trade policies may further impact the country's T&A export performance. However, its investment in high-tech

textiles and sustainability will ensure its continued leadership.

### Key Export Markets

**United States:** China's exports to the US totalled \$45 billion in 2023, with growth slowing to 1.5 per cent year-on-year. Buyers are diversifying to Vietnam, India and Bangladesh, but China's competitive pricing in technical textiles sustains baseline demand.

**European Union:** Chinese exports to the EU reached \$50 billion in 2023, with growth hindered by sustainability regulations like the EU Green Deal.

Opportunities lie in technical textiles and circular fashion solutions.

**Middle East and Africa:** Middle Eastern imports were valued at \$20 billion in 2023, driven by retail expansion and Belt and Road Initiative (BRI) investments. Africa's demand for low-cost textiles and home goods continues to grow, supporting export opportunities.

### Growth Drivers

**Technological Innovation:** Investments in smart fabrics, antimicrobial clothing, and functional textiles will attract high-value markets like medical and technical textiles.

**Sustainability Initiatives:** The adoption of waterless dyeing, recycled fibres, and carbon neutrality goals will enhance competitiveness in Western markets.

**Government Support:** Subsidies, tax rebates, and BRI infrastructure investments strengthen export capabilities and market access.

### Challenges

**Economic Uncertainty:** High inflation and weak recovery in key markets (EU and US) may dampen demand. Currency volatility could also affect pricing and competitiveness.

**Geopolitical Tensions:** Potential higher US tariffs and stricter trade regulations may incentivise buyers to diversify sourcing.

**Intensifying Competition:** Lower-cost producers like Vietnam and Bangladesh, and nearshoring destinations (e.g., Türkiye, Mexico) are attracting buyers.

## FORECAST 2025

### Global Economic Recovery Will Drive Textile Demand and Market Growth

The global economic recovery is boosting consumer spending and trade flows. Rising disposable incomes in emerging markets are driving demand for apparel, home textiles, and technical textiles. Developed markets are shifting towards sustainable and premium products. This recovery is also restoring business confidence, spurring investments in textile production and innovation.

### Geopolitical Alignments Will Redefine Global Trade Flows

Global textile trade routes are transforming due to geopolitical shifts and strategic trade agreements like the IPEF and Regional Comprehensive Economic Partnership (RCEP), fostering regional collaboration. However, disruptions such as the US-China trade dispute, the Russia-Ukraine war, Middle East conflicts, and political instability in Bangladesh are realigning supply chains. In response, countries like Vietnam, Bangladesh, and India are capitalising on their cost-efficiency, manufacturing strength, and investments in technology and sustainability to become preferred alternatives for textile and apparel sourcing.

### Rising Energy and Raw Material Costs Will Challenge Textile Industry

Rising energy costs, driven by geopolitical conflicts and green energy transitions, are increasing production expenses in the textile industry. Disruptions in raw material supply chains, caused by climate change and trade restrictions; are affecting pricing and availability. To mitigate these challenges, the industry is focusing on renewable energy adoption and exploring sustainable raw material alternatives.

### Opportunities for 2025

- Growing demand for technical textiles (e.g., fire-retardant, medical, and antimicrobial fabrics).
- Enhanced market access to emerging regions through the BRI.
- Increasing use of digital platforms for broader market access by small and medium exporters.

### Conclusion

China's textile industry is set for steady but slower growth, driven by innovation, sustainability, and diversification into emerging markets. While competition and trade tensions pose challenges, China's adaptability, scale, and technological advancements ensure that it remains a dominant global player.

### Vietnam's Textile and Apparel Industry: Trends and Outlook for 2025

Vietnam's annual textile and garment exports were approximately \$47 billion in 2023, marking a 14.7 per cent year-on-year increase and reinforcing its position as a major global exporter. Vietnam's textile and apparel export sector is set for promising growth in 2025, driven by global market trends, favourable trade agreements, and strategic industry investments. Vietnam has strong relationships with global brands like Nike, Adidas, Zara, and H&M and has a reputation for manufacturing flexibility, including small-batch and large-scale production—a key to its success.

### Leveraging Free Trade Agreements (FTAs)

**CPTPP:** Vietnam benefits from zero/reduced tariffs in CPTPP member countries like Canada, Australia, and Japan, driving apparel export growth.

**EVFTA:** This FTA eliminates 99 per cent of tariffs, boosting Vietnam's exports to key EU markets such as Germany, France, and Italy.

**RCEP:** This strengthens Vietnam's ties with China, South Korea and Japan, enhancing supply chains and expanding export opportunities.

**China+1 Strategy:** Vietnam gains from global brands reducing dependence on China, leveraging proximity for raw materials, supply chain integration, and competitive costs over countries like Bangladesh and India.

**High-Value Textiles:** Vietnam is advancing in functional and technical textiles (healthcare, automotive, construction), with R&D and partnerships driving innovation in smart and performance fabrics.

### Emphasis on Brand Building

Vietnam's industry stakeholders are encouraging OEMs (Original Equipment Manufacturers) to transition into ODM (Original Design Manufacturing) and build their brands. In 2025, Vietnamese firms will likely expand in private label production, catering to mid-tier and premium market segments globally. The adoption of blockchain and digital traceability systems will enhance transparency and compliance with global buyer requirements.

### Challenges

Rising competition, stricter sustainability requirements, and global economic uncertainties will shape Vietnam's trajectory. However, its reliance on limited raw material resources is impacting its

competitiveness in fashion goods. While facing challenges, Vietnam will continue to play a significant role in the global textile market, especially in the US and EU, through 2025.

### Conclusion

In 2025, Vietnam's textile and apparel exports are expected to thrive, driven by FTAs, sustainability, and advancements in high-value products. However, rising costs and global competition will push the industry to innovate and focus on value addition. Vietnam's ability to diversify markets, embrace automation, and localise raw material production will play a crucial role in maintaining its competitive edge on the global stage.

### Bangladesh's Textile Export Trends and Future Outlook

Despite internal challenges (social unrest, political turmoil) and external pressures (global inflation, fluctuating raw material costs), Bangladesh's textile exports have grown from \$5 billion in 2001 to \$49.59 billion in 2023 (CAGR: 11 per cent), driven by low-cost labour, favourable trade deals, and high global demand. The RMG sector remains the backbone, contributing 80 per cent to the country's exports (by value) and employing a largely female workforce.

### Key Trends for 2025

**Sustainability in Focus:** There is a rising demand for eco-friendly textiles



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Bangladesh's RMG sector might see adoption of robotics, IoT, and AI to combat rising wages and improve productivity.

due to stricter regulations like the EU Green Deal. Certifications (e.g., GOTS, OEKO-TEX) and investments in green factories will boost market access.

**LDC Graduation (2026):** This will result in loss of duty-free benefits under schemes like EU GSP+ and US GSP. So, the country's apparel sector needs to shift to high-value exports like functional and technical textiles (antimicrobial, fire-retardant fabrics).

**Export Diversification:** Bangladesh needs to expand into markets like the Middle East, Africa, Latin America, and Asia-Pacific. Moreover, trade agreements, such as Bangladesh-India CEPA, will support regional trade.

**Smart and Technical Textiles:** There might be growth in wearable tech and smart textiles (e.g., temperature-regulating fabrics). It could also attract investments in technical textiles for healthcare, automotive, and construction sectors.

**Industry 4.0 and Automation:** Bangladesh's RMG sector might see adoption of robotics, IoT, and AI to combat rising wages and improve productivity.

**Supply Chain Resilience:** The country should focus on domestic cotton cultivation, recycling, and improved port infrastructure to reduce dependency and enhance delivery efficiency.

**Geopolitical Opportunities:** Bangladesh is benefiting from China+1 sourcing strategy, with global brands increasing their order placements.

### Conclusion

Bangladesh's future in textile exports lies in sustainability, value addition, and diversification. By embracing innovation, green technologies, and proactive policies, it is well-positioned to overcome challenges like LDC graduation and rising competition, maintaining its global leadership in the textile sector.

### India's Textile and Apparel Industry: Trends and Outlook for 2025

India has the potential to become a global leader in high-quality, sustainable textile exports, particularly to markets like the EU and US. Despite past stagnation due to fragmented production, high logistics costs, and limited technological adoption, initiatives like PM Mega Integrated Textile Region and Apparel (MITRA), Production Linked Incentive (PLI), and emerging FTAs aim to drive growth.

### Key Drivers for Growth

#### Government Initiatives

- **PM MITRA Parks:** Integrated mega parks will enhance production capacity and supply chain efficiency.
- **PLI Scheme:** Focus on man-made fibres and technical textiles to attract large-scale investments.
- **State-level subsidies and skill development programmes** will help to boost exports.

**Trade Agreements:** FTAs/CEPA with the UAE, Australia, and potentially the UK will lower tariffs, enhancing market access. The proposed India-

Middle East-Europe Economic Corridor (IMEC) will strengthen trade with Europe and the Middle East.

#### Sustainability and Innovation:

There is a growing demand for organic cotton, circular economy practices, and renewable energy-based manufacturing, which aligns with global trends. Expansion in technical textiles (medical, protective wear, geotextiles) is supported by R&D and government incentives.

**Market Diversification:** The sector is increasing its focus on Latin America, Africa, and Southeast Asia to reduce reliance on the US and EU.

### Challenges

- Competition from Bangladesh, Vietnam and Cambodia, which have lower labour costs, is a challenge to India's low-value exports.
- Inflation in key markets like the US and EU may suppress demand.
- Rising cotton, energy, and logistics expenses impact pricing competitiveness.
- Stringent sustainability and labour laws in Western markets may create entry barriers.

### Outlook for 2025

India's T&A export growth is projected at CAGR of 7-8 per cent, with exports reaching \$50-\$55 billion in 2025.

**Key Segments:** Man-Made Fibres and Technical Textiles are likely to drive growth. RMG exports are supported by FTAs and fashion retail demand. Increased demand for eco-friendly fabrics will create new opportunities.

**Market Focus:** Strong growth is likely in Asia-Pacific and the Middle East; stable demand in the US and EU.

**China+1 Strategy:** India will benefit as buyers diversify sourcing.

### Conclusion

India's textile exports in 2025 are poised for significant growth, driven by government policies, sustainability trends, and technical textiles. To compete globally, exporters must focus on innovation, compliance, and market diversification. Strategic investments in technology and branding will be key to capturing a larger global market share.

## EU TEXTILE EXPORT AND IMPORT OUTLOOK FOR 2025

The EU is emerging as a key supplier and consumer of sustainable textiles, driven by regulatory shifts, sustainability norms, and technological advancements. While opportunities exist for exporters to the EU, compliance with strict environmental standards and competition from low-cost producers remain key challenges. The leading suppliers in the EU are Germany, Italy, Spain, and Poland.

### Key Trends Driving EU Textile Trade

#### Sustainability and Circular Economy

- **EU Green Deal:** Aims for climate neutrality by 2050, emphasising eco-design, recyclability, and chemical restrictions. Exporters must meet requirements like GOTS and OEKO-TEX certifications. This is leading to rising demand for organic cotton, recycled fibres, and biodegradable fabrics, with major suppliers (India, Bangladesh, Türkiye) adopting greener practices.
- **Digital Traceability:** Blockchain and other technologies are increasingly required to ensure supply chain transparency. Growing EU investments

in functional textiles (e.g., antimicrobial, fire-retardant fabrics) offer opportunities for exporters with innovative materials.

- **Geopolitical and Trade Shifts:** New FTAs (e.g., EU-India) and reassessment of GSP+ schemes will tighten labour and environmental compliance for exporters. Concerns over Chinese dependency are driving diversification, creating opportunities for Vietnam, India, Türkiye, and Morocco.

#### Changing Consumer Preferences

There is growing demand for ethical and fair-trade textiles, including artisanal and value-added products. Also, there is rising traction for on-demand production and customised garments, especially in luxury and high-fashion segments.

#### Challenges

##### Carbon Border Adjustment

**Mechanism (CBAM):** Tariffs on carbon-intensive products will pressure exporters reliant on fossil fuel-based manufacturing.

##### Geopolitical Tensions and Energy

**Costs:** The Russia-Ukraine conflict has increased energy costs for EU

producers, driving imports of cost-efficient textiles from Asia.

##### Competition and Delivery Times:

Türkiye holds a strategic advantage due to proximity, faster delivery, and established trade links.

#### Opportunities for EU Exporters

**Luxury and High-Value Textiles:** EU exporters (especially Italy, Germany, France) are well-positioned to meet rising global demand for high-quality and technical textiles.

##### Emerging Markets:

Asia, Africa, and Latin America offer growth opportunities, particularly for technical textiles in healthcare, automotive, and construction.

#### Conclusion

The EU's textile trade landscape for 2025 will be defined by sustainability mandates, technological adoption, and shifting trade alliances. Exporters to the EU must adapt to stringent environmental standards and embrace innovative production techniques. Meanwhile, EU-based exporters can capitalise on their expertise in luxury and technical textiles, leveraging automation and green manufacturing to remain globally competitive.



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# NORTH AMERICA'S TEXTILE AND APPAREL TRADE: OUTLOOK FOR 2025 UNDER USMCA

The North American textile and apparel trade landscape has undergone significant transformation since the North American Free Trade Agreement (NAFTA) was replaced by the United States-Mexico-Canada Agreement (USMCA) in 2020. While the USMCA has provided stability in regional trade, shifting consumer preferences, nearshoring trends, and intensifying competition from global suppliers are expected to shape North America's textile and apparel exports in 2025.

The US is increasingly pivoting towards high-value, sustainable fashion goods, driven by trade tensions with China, supply chain disruptions, and rising production costs. This shift marks a departure from low-cost imports and reflects growing demand for premium, ethically produced goods. Mexico, renowned for its high-quality fabrics and ethical manufacturing practices, is emerging as a critical player, particularly in premium fashion exports to both the US and the EU. Meanwhile, the EU is positioning itself as a leading supplier of premium fashion goods, potentially surpassing Asia as the US's top source of high-end apparel.

Over the next few years, North America's textile exports are projected to grow steadily, with an estimated 3.6 per cent increase in 2025. This growth will be driven by demand for specialised products like automotive textiles and advancements in manufacturing technologies. However, challenges such as inflation, geopolitical tensions, and persistent supply chain disruptions could weigh on the sector's performance. Despite these hurdles, the market is expected to expand from \$99.82 billion in 2024 to \$120.58 billion by 2029.

Meanwhile, US President-elect Donald Trump, set to take office on January 20, has announced plans to impose tariffs on China, Mexico, and Canada. This move signals a strategic approach by his administration to leverage tariffs as a tool for bringing manufacturing jobs back to the US



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Mexico remains a significant exporter of apparel to the US, driven by cost competitiveness and a focus on sustainable production.

and strengthening its trade negotiation position. Notably, India has been excluded from Trump's initial tariff plans.

## Key Drivers of Growth

**Nearshoring and Regional Supply Chains:** Rising labour costs in Asia, logistical disruptions, and demand for faster delivery times are prompting US brands to source more from Mexico and Central America. Mexico, a key player in the textile value chain, is benefiting from its proximity to the US, preferential trade terms under USMCA, and investments in integrated supply chains.

**Focus on Sustainable and Ethical Production:** USMCA countries are increasingly emphasising sustainable manufacturing practices to meet consumer preferences and retailer demands, particularly in the US and Canada. The US, as the region's largest textile producer, is innovating with eco-friendly fibres, recycled materials, and energy-efficient manufacturing processes.

**Growth in Technical Textiles:** Driven by rising industrial demand, there is growth in technical textiles, including medical, automotive, and protective textiles, across the USMCA region. Mexico and Canada are

investing in manufacturing technical textiles, supported by research collaborations and export incentives.

**Consumer Trends in the US and Canada:** Growing demand for premium-quality, durable, and sustainable apparel is driving innovation across the region. E-commerce growth and on-demand production are reshaping supply chains to focus on smaller, customised batches.

## Opportunities for USMCA Countries

**The US as a Leading Exporter:** The US continues to lead in the export of high-value textiles such as yarns, fabrics, and technical textiles, benefiting from robust manufacturing capacity and innovation. US textile exports to Mexico and Canada are expected to grow, supported by integrated supply chains and preferential tariffs under USMCA.

**Mexico's Strength in Apparel Manufacturing:** Mexico remains a significant exporter of apparel to the US, driven by cost competitiveness and a focus on sustainable production. Industrial parks and FDI in Mexico's textile sector are increasing its capacity to meet growing regional demand.

**Canada's Niche Markets:** Canada is focusing on functional textiles like antimicrobial fabrics and cold-weather gear, serving both domestic and export markets.

**Challenges**

**Competition:** Asian suppliers like Bangladesh, Vietnam, and China pose a challenge due to their low-cost. In addition, trade deals by other regions, such as the EU's FTAs with key textile-exporting nations, could reduce North America's competitiveness.

**Labour and Production Costs:**

Despite nearshoring trends, rising labour and energy costs in the US and Canada could affect profitability. Mexico remains more cost-competitive but is still under pressure from Asian low-cost producers.

**Regulatory Hurdles:** Stringent sustainability norms, such as compliance with California's Garment

Worker Protection Act, may increase production costs for exporters.

**Macroeconomic Factors:**

Economic uncertainties, including inflationary pressures and weaker consumer demand in key markets, could affect export growth.

**Projections for 2025**

**Export Growth by Country**

- **US:** Continued growth in high-value textile exports, with a focus on technical textiles and sustainable fabrics.
- **Mexico:** Strong demand for apparel, leveraging its nearshoring advantage and low production costs.
- **Canada:** Moderate growth, with emphasis on niche markets like functional textiles and luxury apparel.

**Key Sectors for Growth:**

Technical Textiles is expected to grow at a CAGR of 6-8 per cent, driven by demand in healthcare, automotive, and construction.

**Sustainable Apparel:** Rising global demand for ethically sourced and eco-friendly products will provide opportunities across the region.

**Regional Trade Integration:**

USMCA will strengthen regional trade, with Mexico and Canada continuing to act as primary suppliers of textiles and apparel to the US market.

**Conclusion**

USMCA textile and apparel exports in 2025 will be shaped by nearshoring trends, sustainability priorities, and demand for high-value technical textiles. While opportunities abound, challenges from global competition and rising production costs will require exporters to innovate, invest in green technologies, and strengthen regional collaboration. North America's focus on premium-quality and technical textiles will help it remain competitive in the global market.

**AFRICA'S TEXTILE IMPORT OUTLOOK FOR 2025**

Africa's strategic location, raw material availability, and trade agreements like AGOA and AfCFTA make it a growing market for textiles. Rising urbanisation, a growing middle class, and increasing industrialisation drive demand, though challenges like infrastructure gaps and competition from China persist.

**Key Drivers**

**Population Growth and Urbanisation:**

The population of Africa is expected to exceed 1.4 billion by 2025, with urban areas leading the demand for clothing, home textiles, and affordable fabrics. Major markets are Nigeria, South Africa, Kenya, and Ethiopia.

**Industrialisation and Trade**

**Agreements:** Countries like Ethiopia and Egypt are expanding industrial parks but remain import-dependent for fabrics and yarns. AfCFTA will create integrated markets, boosting trade opportunities for global suppliers like India.

**Sustainability Trends:** The growing interest in eco-friendly textiles, such as organic cotton and recycled fibres, aligns with global sustainability goals.

**Price Sensitivity:** Africa favours affordable imports of cotton yarns,



Countries like Ethiopia and Egypt are expanding industrial parks but remain import-dependent for fabrics and yarns.

fabrics, and synthetic blends, making price competitiveness crucial.

production could reduce import dependency in the long term.

**Challenges**

**China's Dominance:** China is Africa's largest supplier, offering low prices and strong trade ties.

**Infrastructure Issues:** Poor port operations, high shipping costs, and weak logistics network increase trade inefficiencies.

**Political and Economic**

**Instability:** Nations like Sudan and Zimbabwe face unrest and currency volatility, impacting trade.

**Rising Local Manufacturing:**

Efforts to strengthen domestic

**Conclusion**

Africa's textiles import market is poised for significant growth in 2025, driven by rising population, urbanisation, and affordable fashion demand. Key markets include Nigeria, South Africa, Kenya, and Ethiopia. While challenges like China's dominance and infrastructure bottlenecks exist, India has strong potential to supply affordable yarns, fabrics, and sustainable textiles, capitalising on the region's growing focus on eco-friendly practices. **FF**

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