Who else but China can manufacture our clothes? Impact of US tariffs on clothing industry

Coface

The diversification of textile supply chains away from China is already underway, accelerated by the numerous changes to US trade policy since 2025. Whilst these US textile tariffs now appear to have stabilised, the balance of power amongst clothing-producing countries is undergoing significant upheaval. In 2025, Coface published a study ranking the most competitive countries for textile production outside China. This ranking has now been updated to reflect the most recent US tariffs.

> Changes to the US tariff framework are altering the ranking of the most competitive countries in the clothing and footwear sectors.
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> They could strengthen the position of several Asian and African suppliers, whilst confirming that diversification away from China remains a long-term structural trend,

states **Eve Barre, sector economist at Coface.**

China's leadership facing increasing competition

China remains the world's leading exporter of clothing and footwear, but its share of global exports continues to decline. This trend is driven by rising labour costs and companies' desire to diversify their supply chains.

To identify the countries best positioned in this new landscape, Coface has updated its competitiveness index for the clothing and footwear sector, based on four pillars:

1. Business environment
2. access to a competitive workforce,
3. social and environmental criteria,
4. strength of the textile industrial ecosystem

A component relating to US tariffs has also been included. Recent changes to the US tariff framework have, in fact, altered the relative competitiveness of many producers. Despite the removal of certain tariffs, Chinese exports remain subject to higher duties than those of several competing countries. In the long term, this development could reshuffle the deck amongst the world's major production centres.

Lesotho and Madagascar among the potential major winners

Bangladesh retains the top spot in the ranking. The main development concerns the improved competitiveness of Lesotho and Madagascar, which now feature among the top-ranked countries, having been absent from the previous edition of the ranking in the summer of 2025.

This rise is largely due to the removal of additional duties that had severely hampered their access to the US market. Other Asian countries are also strengthening their positions, including Cambodia, Pakistan and Sri Lanka, whilst Vietnam and Indonesia have entered the Top 20.

A new geography of textile sourcing

The changes in the ranking illustrate a broader reality: global competition in the textile sector is no longer driven solely by labour costs. Market access, trade policy, the depth of the industrial ecosystem and the stability of the economic framework now carry equal weight in sourcing decisions.

Against a backdrop of mounting trade tensions and the search for more resilient supply chains, companies are increasingly favouring countries capable of offering a balance between competitiveness, industrial capacity and access to major consumer markets. Recent changes to US customs tariffs depict just how quickly a shift in the trade framework can redistribute competitive advantages amongst producing countries.

Competitiveness score for the apparel and footwear industry (z-score)

Final score rank	Country	Availability of cheap labor	Presence of an apparel & footwear industry		Ease of doing business			Environmental & social conditions		Score without US tariffs component (and correspondant ranking)	US tariffs		Final Score	
		Nominal wage in the manufacturing sector	Share of clothing & footwear in exports	Clothing & footwear exports size	Logistic performances	Power outage	Social risk	Climate change vulnerability	Working conditions		Vulnerability to the US (in %)	Exposure to the US (in %)		
1	Bangladesh	66	100	100	35	27	36	33	24	74 (1)	27	10	72	
2	Cambodia	63	96	88	27	53	29	12	24	70 (2)	27	20	64	
3	Pakistan	66	86	76	27	45	32	28	24	66 (4)	25	16	62	
4	Lesotho	67	88	42	22	32	53	50	43	61 (8)	0	49	61	
5	Myanmar	67	88	61	23	13	17	38	12	61 (7)	16	3	61	
6	Madagascar	68	81	43	23	43	48	39	43	60 (9)	1	33	60	
7	Albania	56	90	44	30	38	49	80	84	60 (10)	19	1	60	
8	El Salvador	58	83	46	39	59	25	59	43	59 (12)	1	75	59	
9	Jordan	58	81	48	39	77	32	58	24	59 (13)	1	72	59	
10	Tunisia	65	73	47	33	59	37	49	24	59 (14)	17	1	58	
11	Sri Lanka	68	92	50	44	28	46	55	43	65 (5)	29	27	58	
12	India	68	47	80	71	73	50	37	24	63 (8)	24	19	58	
13	Georgia	69	59	41	39	53	60	58	84	58 (15)	22	1	58	
14	Turkiye	48	52	90	71	62	21	41	24	57 (16)	30	3	56	
15	Morocco	60	61	55	32	79	30	37	84	57 (17)	29	2	56	
16	Viet Nam	63	66	100	67	52	35	13	43	67 (3)	31	29	56	
17	Mauritius	59	63	41	30	55	65	58	84	55 (18)	2	9	55	
18	Bosnia Herzegovina	58	56	42	53	77	34	58	84	54 (19)	17	2	54	
19	Rwanda	70	45	41	44	36	56	32	84	53 (20)	13	1	53	
20	Indonesia	59	50	81	53	78	43	32	24	60 (11)	28	32	52	

Data used for the graph in .xlsx format

> What has changed in just over a year? Revisit our 2025 analysis to see how shifts in US trade policy have reshaped the relative competitiveness of apparel-producing countries.

> Explore our updated **textiles and clothing sector** risk assessment.