

Cambodia Garment, Footwear and Travel Goods

GFT



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Disclaimer

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The views and recommendations presented in this brief reflect the perspectives of the authors. It is important to note that these views and recommendations do not imply the endorsement by or indicate the opinions or viewpoints of any other contributing organisation to this sector brief. The inclusion of these views and recommendations serves to provide industry insights and perspectives, contributing a contextual dimension to an otherwise neutral presentation of statistics. The authors warmly welcome and invite stakeholders to engage in constructive dialogue on any recommendations proposed.

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Executive Summary

The global Garment, Footwear, and Travel Goods (GFT) sector is expected to continue growing at a healthy pace, with a yearly growth of 2.6% between 2025 to 2029, with apparel revenue reaching US\$1.8 trillion and footwear revenue reaching US\$505.7 billion by 2025. The largest segment within this sector is women's apparel, with a market volume of US\$963 billion forecasted for 2025.

Despite the projections on growth, uncertainties remain because of global economic disruptions, geographic fragmentation and shifting consumer behaviour and preferences. Consumers globally remain affected by high levels of inflation, affecting overall demand and making consumers highly price sensitive.

The world recorded a total value of US\$720 billion in GFT exports globally in 2023.

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- ▶ China was the top exporter, accounting for 38% of world GFT exports (or almost US\$274.4 billion), followed by Italy (8%, or US\$54.8 billion).
- ▶ Cambodia ranked 15th in global GFT exports and 3rd in ASEAN in 2023, generating US\$11 billion in GFT export revenue and accounting for 2% of the total GFT market.

The GFT sector remains a key sector, contributing significantly to Cambodia's economic achievements.

- ▶ The total number of GFT firms expanded from 1,192 in 2020 to 1,555 firms in 2024.
- ▶ In 2024, the sector directly created jobs for more than 918,000 workers and indirectly benefited 2.5 to 3 million people.
- ▶ Female workers accounted for 75.6% of all employees in the sector.

In 2024, Cambodia exported a total of US\$13.6 billion of GFT products, an increase

of more than 24% compared to 2023. The United States (US), the European Union (EU), Japan, Canada, the United Kingdom, China, and ASEAN are the top export markets of Cambodia's GFT products.

- ▶ In 2024, the US market accounted for more than US\$5.2 billion, or 38.5% of the kingdom's GFT total export revenue in 2024.
- ▶ The European Union was the second most significant importer of Cambodia's GFT, accounting for almost US\$3.8 billion (or 28%) of 2024 GFT export revenue.
- ▶ The other top GFT export markets of Cambodia in 2024 were Japan (US\$1.1 billion), Canada (US\$956 million), the United Kingdom (US\$858 million), China (US\$314 million), and ASEAN (US\$225 million).
- ▶ The GFT sector remains vital to Cambodia's economy, accounting for 52.1% of total exports in 2024. Garments led the sector with a 38.2% share, followed by travel goods at 7.5% and footwear at 6.4%.

1. Introduction

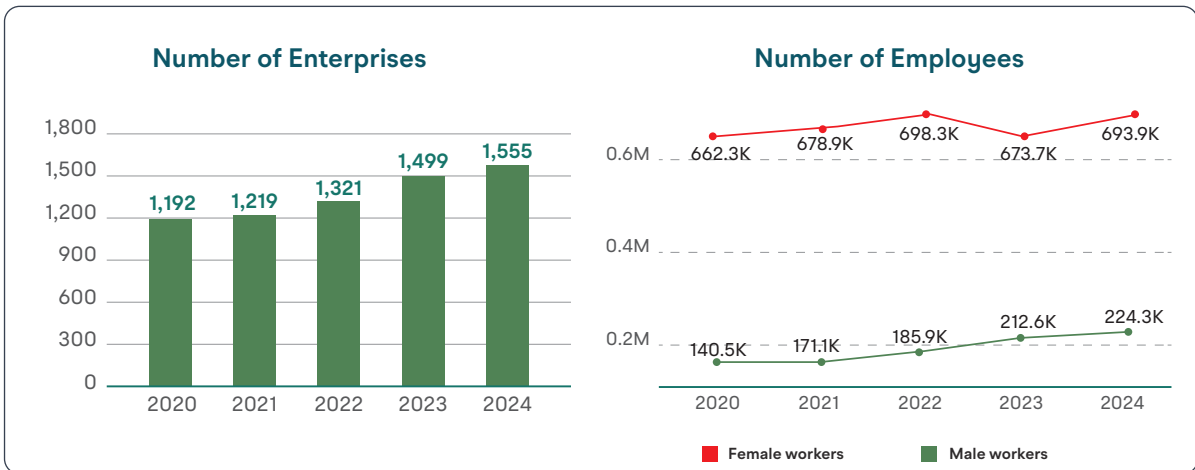


The Garment, Footwear, and Travel Goods (GFT) sector has made significant contributions to Cambodia's economic achievements in the past two decades. Political stability, competitive wage and production costs, preferential trade access, and a favourable investment climate have been the sector's comparative advantage to allow this sector to flourish and become an economic growth pillar. According to the Cambodia GFT Sector Development Strategy 2022-2027, garments have remained at over 70% of the industrial export share since 2009, while Cambodia also diversified its exports, exporting such products as bicycles, vehicle parts, and electronic parts. In addition, the exports of travel goods (or bags) such as luggage, backpacks, handbags, and wallets to the US market have experienced significant growth in the last few years.

The number of factories and enterprises producing garments, footwear, and travel goods has continued to grow. During the 2020-2024 period, the total number of GFT firms expanded from 1,192 in 2020 to 1,555 firms in 2024. These include both export-oriented and subcontracting factories and enterprises that support the production of export-oriented factories such as laundry, embroidery, dyeing, sewing, packaging, etc. The sector directly created jobs for more than 918,000 workers in 2024 and is estimated to have indirectly benefitted between 2.5 and 3 million people. ¹Female workers accounted for 75.6% of all employees in the sector in 2024.

¹ RGC (2022). *Cambodia Garment, Footwear and Travel Goods (GFT) Sector Development Strategy 2022-2027*, s.l.: Supreme National Economic Council; TAFTAC (2023). *Cambodia Garment, Footwear and Travel Goods (GFT) Sector Brief*. September 2023.

FIGURE 1: Cambodia’s GFT Sectoral Overview: Firms and Employees



Source: Ministry of Labour and Vocational Training

There are several challenges faced by Cambodia’s GFT sector. The sector was hit hard by the COVID-19 outbreak in 2020, with exports falling by 10% in 2020 compared to 2019.² While 2021-2024 exports have recovered since then, the GFT sectors are expected to face other headwinds, especially considering the prospective graduation from the least developed country (LDC) status and the resulting derogation of preference in export markets, as well as the changing demands in the target markets.

This bi-annual brief provides insights into the current state of the Garment, Footwear, and Travel Goods (GFT) sector in Cambodia. It focuses on the performance and trends observed in the sector up to the fourth quarter of 2024, where data is available. This analysis considers the global context and challenges faced by the sector, including Cambodia’s challenges and opportunities arising from the changes in US trade policy and subsequent tariff increases by the US.

² TAFTAC, 2022. Cambodia Garment, Footwear and Travel Goods Sector Brief.

2. Global trends in the Garment, Footwear, and Travel Goods sector

Geopolitical factors affecting the sector

Several geopolitical external factors occurred in the last few years which influence the flow of orders to the benefit of Cambodia so far include:

- ▶ US tariff increases for Mexico, Canada and China leading to trade diversion effects for Cambodian garment exporters also pushing global brands to accelerate their “China+1” diversification strategy, further benefiting Cambodia.³
- ▶ De-risking from China by major brands and retailers (such as H&M, Esprit, Nike, Adidas) was driven by the need to comply with the UFLPA and avoid the legal and reputational risks associated with forced labour allegations.⁴
- ▶ The Myanmar crisis, which started in February 2021, shifted orders to other garment-producing countries, including Cambodia. Though Myanmar’s garment exports recovered in 2022, human rights and labour concerns have led to international brands, including Japan’s Fast Retailing (UNIQLO) and U.K. giant Marks & Spencer, to pull out of Myanmar’s factories.⁵
- ▶ The recent political turmoil in Bangladesh, the second-largest ready-made garment producer, will likely have some reverberations on orders to other garment producers. This could particularly benefit Cambodia’s garment apparel sector as an alternative manufacturing hub.⁶
- ▶ • Ethiopia’s conflict in the Tigray region, which started in November 2020 significantly undermined Ethiopia’s decade long progress in the garment sector. Ethiopia’s exports of garments and footwear increased from US\$ 20 million in 2010 to US\$ 151 million in 2020, registering a compound annual growth rate (CAGR) of 25.2%. Since 2020, exports have declined to just over US\$ 101 million in 2023.

Global Consumption

The global GFT sector is expected to continue healthy growth in the next five years.

- ▶ In 2025, the revenue in the apparel market worldwide is expected to reach US\$1.8 trillion, with an annual growth rate (CAGR) of 2.6% between 2025 to 2029. Predictions for 2029 suggest that the volume in the apparel market is projected to reach 198.4 billion pieces. The largest segment within this sector is women’s apparel, with a market volume of US\$963 billion predicted by 2025.⁸
- ▶ The global footwear market is predicted to generate a revenue of US\$505.7 billion in 2025, with a CAGR of 2.4% between 2025-2029. The volume in the footwear market is estimated to reach 14.9bn pairs by 2029. The boots segment holds the largest market volume of US\$190.3bn in 2025.⁹
- ▶ Non-luxury apparel and footwear dominate the market at 94% and 92% of total revenue, respectively.¹⁰
- ▶ The United States generates the largest revenue worldwide for apparel with an estimated market value of US\$ 366 billion and China leads the global market in terms of market value for footwear at US\$120 billion in 2025. Across ASEAN, the apparel market is projected to reach US\$52.4 billion and US\$22.9 billion for footwear in 2025.¹¹

Despite the projections of growth, uncertainties remain as a result of global economic disruptions, geographic disparities and shifting consumer behaviour and preferences. Consumers globally remain affected by the high levels of inflation, making them highly price sensitive.²²

Production Trends

In addition to the Fast Fashion model and Small Batches production trends, the global GFT sector is also adopting innovations such as the concept of industry 4.0, smart textiles and the application of Generative AI (Artificial Intelligence). Smart manufacturing and generative AI are revolutionizing production processes and improving adaptability to rapidly changing fashion landscapes.

- The concept of Industry 4.0 is on the rise with discussion around automation and the potential to bring value addition to the GFT sector through increased productivity and economic growth, the creation of new jobs, improved working conditions and better access to goods and services. Industry 4.0 adoption for the GFT sector includes the use of smart sewing machines & robotics, IoT (Internet of Things) enabled supply chain management, etc.¹³
- Smart textiles integrate electronic components into everyday textile products, paired with a smartphone app for wireless information sharing. The global smart textile market size was valued at US\$3.5 billion in 2024 and is projected to reach US\$21.5 billion by 2033, with the Asia-Pacific region witnessing the fastest growth.¹⁴
- Generative AI has significant potential for creativity in GFT design and product development. It can speed up the design process by converting sketches, mood boards, and descriptions into high-fidelity designs with creative options and the power of personalization. describes the use cases of Generative AI in the global garment sector.

BOX 1: Use cases of Generative AI in the Garment Sector

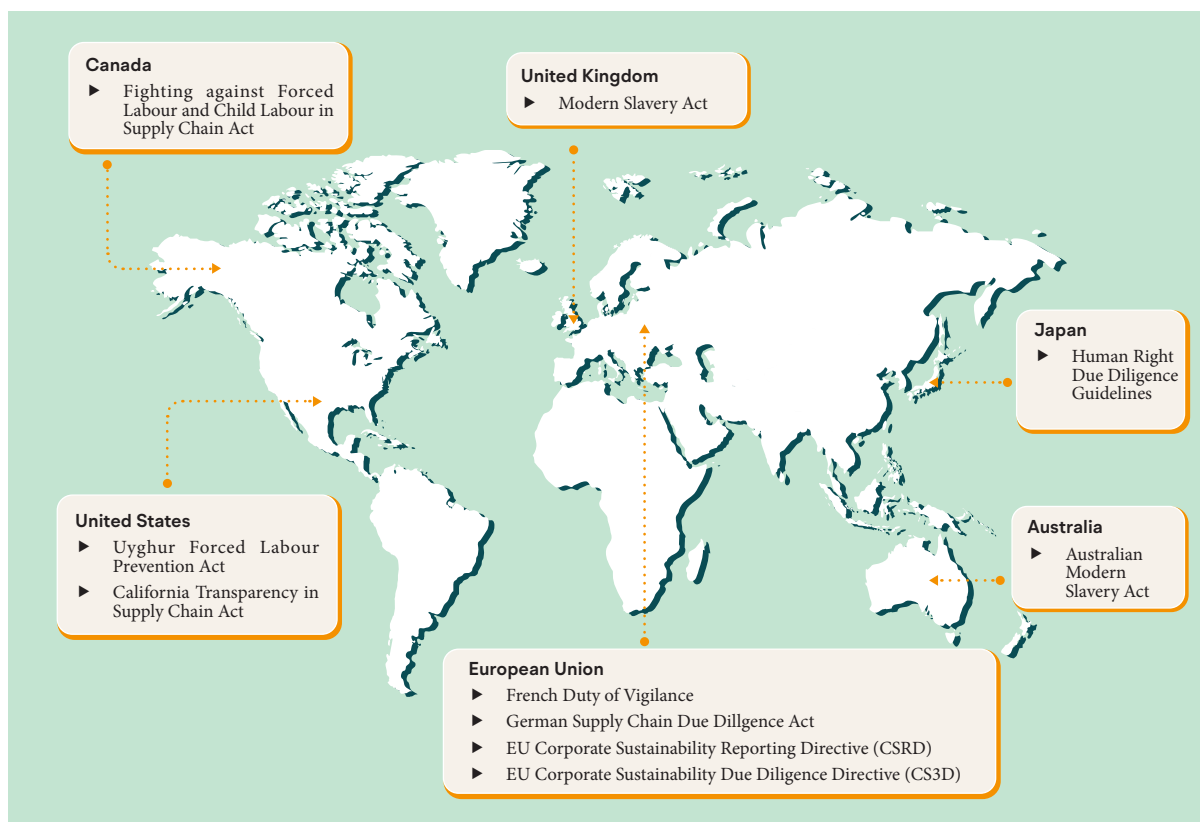
<p>Merchandising and product</p> <p>Convert sketches, mood boards, and descriptions into high-fidelity designs.</p> <p>Enrich product ideation by collaborating with AI agents that generate creative options.</p> <p>Customize products for individual consumers at scale.</p>	<p>Supply chain and logistics</p> <p>Support negotiations with suppliers by compiling research.</p> <p>Augment robotic automation for warehouse operations & inventory management through real-time analytics.</p> <p>Tailor product return offers based on individual consumers.</p>
<p>Economic Contribution</p> <p>In the next 3-5 years, gen. AI could add \$150 billion, conservatively, and up to \$275 billion to the apparel, fashion, and luxury sectors' operating profits, according to McKinsey analysis.</p>	<p>Economic Contribution</p> <p>AI can help fashion companies be more sustainable by optimizing their supply chain and production processes.</p> <p>By analyzing data, AI can identify areas of waste reduction and energy efficiency.</p>

Source: Author's compilation based on McKinsey, 2023. [Generative AI: Unlocking the future of fashion](#)

Increasing sustainability requirements are driven by both responsible consumption and climate change concerns (see Box 2).

- ▶ McKinsey (2020) survey reveals that 66% of respondents (and 75% of millennial respondents) consider sustainability when making a purchase.¹⁶
- ▶ Mandatory sustainability requirements will drive firms to cut down on greenhouse gas emissions and waste while promoting more sustainable and circular¹⁶ business models.¹⁷ This trend is embraced by major brands such as Adidas, Gap, H&M, Levi's, Nike, Zara, etc.
- ▶ For Cambodia manufacturers, this would require investments in low-emission and energy-efficient production facilities, renewable energy and clean technology equipment, reducing pollution and waste by minimising resources used, and recycling and reusing waste.

FIGURE 2: Due diligence requirements across the globe



BOX 2: Some regulatory trends affecting the GFT sector

The OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector and the UNECE Recommendation No. 46 on Enhancing traceability and transparency of sustainable value chains in the garment and footwear sector promote responsible supply chains and transparency in the GFT sector. These aim to help companies identify and address labour and human rights violations, environmental impacts, and reputational risks. They also encourage the adoption of sustainable and circular business models, focusing on waste reduction, recycled materials, and product longevity.

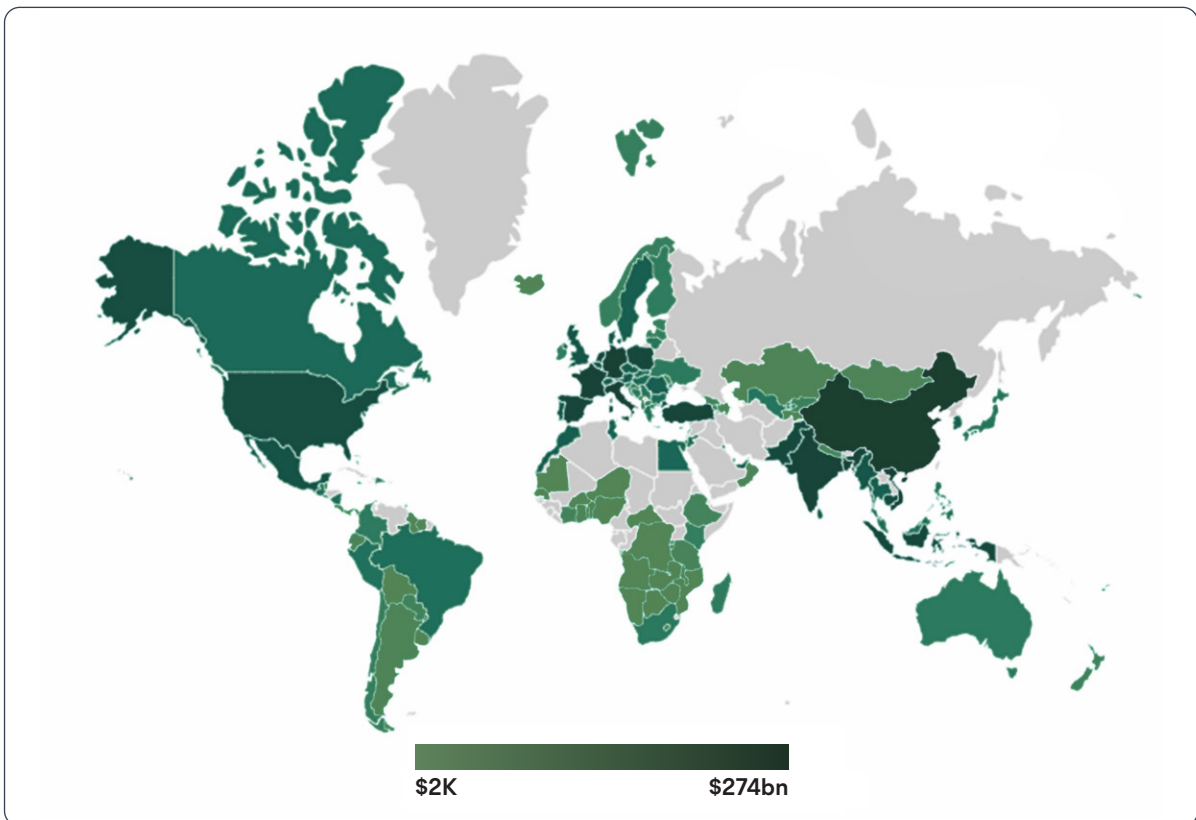
The EU Strategy for Sustainable and Circular Textiles aims to create a greener, more competitive textile sector by setting design requirements for textiles, introducing clearer information and a Digital Product Passport, introducing mandatory Extender Producer Responsibility rules, restricting textile waste export, incentivising circular business models, among others.

The EU's Corporate Sustainability Reporting Directive (CSRD), introduced on 5 January 2023, applies disclosure requirements across the in-scope company's value chain according to European Sustainability Reporting Standards (ESRS). Consolidated sustainability reporting will be required for non-EU headquartered companies at a global level that have at least one EU-based subsidiary or branch and meet the prescribed revenue thresholds. The EU's Directive on Corporate Sustainability Due Diligence (CS3D) outlines due diligence obligations for larger companies to identify, prevent, mitigate, and account for adverse impacts on human rights, labour rights, and the environment along global supply chains. The legislative environment around CSRD and CS3D is still evolving - on 25 February 2025, the EU Commission proposed an "omnibus package" to cut red tape, simplify & amend obligations.

The U.S. Uyghur Forced Labor Protection Act (UFLPA), which came into effect in June 2022, aims to prevent goods produced with forced labour from entering the U.S. market, particularly those from the Xinjiang Uyghur Autonomous Region in China. Accordingly, the UFLPA establishes a rebuttable presumption that goods mined, produced, or manufactured wholly or in part in Xinjiang or by entities on the UFLPA Entity List are made with forced labour and are, therefore, prohibited from importation into the United States. To prove compliance with the UFLPA, entities may provide evidence such as affidavits, audit reports, policies and procedures for compliance programmes, or other relevant documentation.

Global GFT Trade

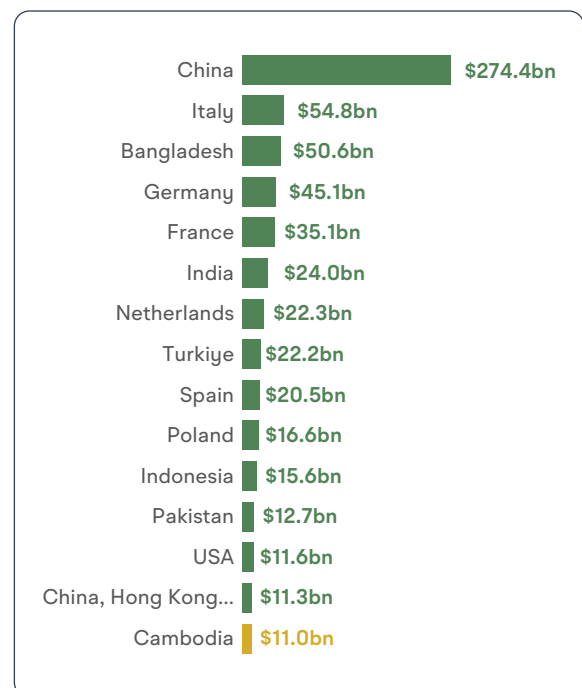
FIGURE 3: Global GFT Exports, by Country, 2023



In 2023, the world recorded a total value of US\$762 billion in GFT exports globally.

- ▶ China was the top exporter, accounting for 36% of the total world's GFT export (or US\$274.4 billion), followed by Italy (7.2%, or US\$54.8 billion), and Bangladesh (6.6%, or 50.6 billion).
- ▶ Cambodia ranked 15th in global GFT exports and third in ASEAN in 2023, generating approximately US\$11 billion in GFT export revenue and accounting for almost 1.4% of the global GFT market.
- ▶ Cambodia could rise by one or two positions in 2024, driven by a strong rebound from the decline experienced in 2023.

FIGURE 4: Top 15 Global GFT exporters, 2023



Source: IEC GFT Dashboard, data from UN Comtrade

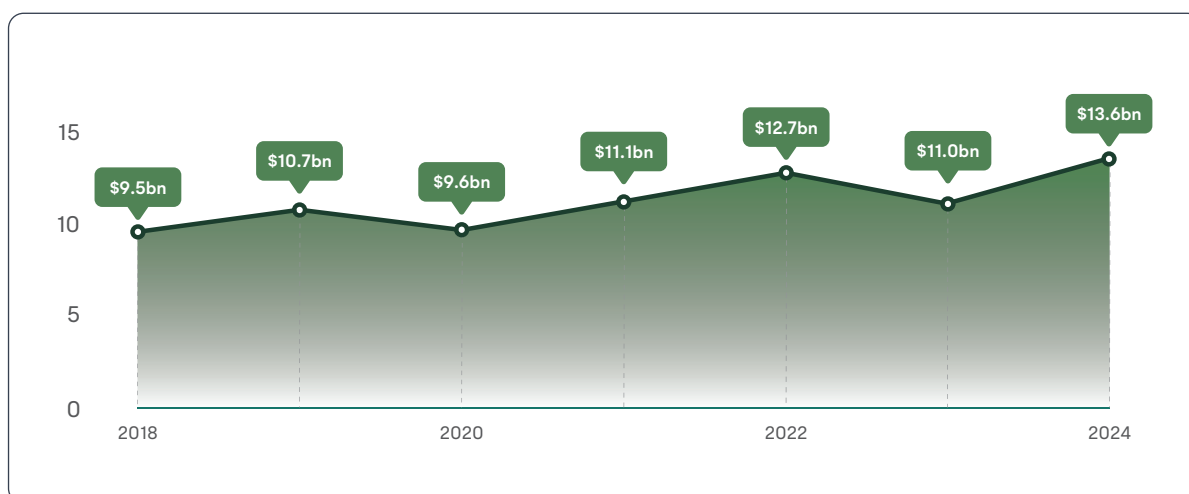
3. Cambodia's Major Export Markets

Cambodia's Overall Trade in GFT

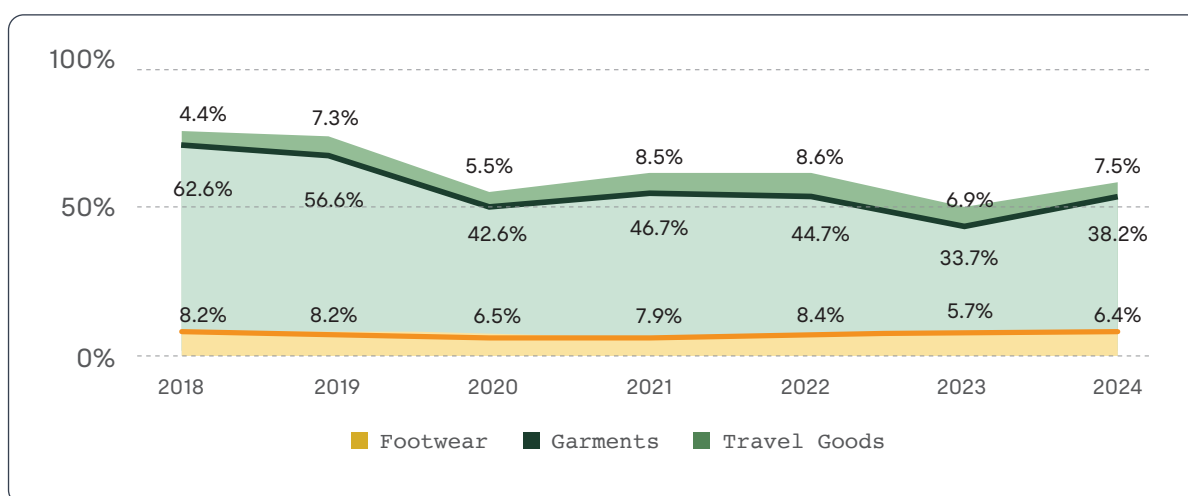
After a sudden dip in 2020 due to the COVID-19 pandemic, Cambodia's GFT exports have recovered strongly from 2021-2022, to surpass the pre-COVID-19 export levels and reach US\$12.7 billion in 2022. However, in 2023, Cambodia exported a total of US\$11 billion of GFT products, falling by 13% compared to 2022 (Figure 5). This dip reflected the adjustment made by retailers to reduce the high inventory resulting from the high orders made post-pandemic. It also was caused by the concerns of the global fashion sector in supply chain disruptions and economic factors such as inflation. The high volatility of the order placements, as indicated by the large swings in export growth (going from +15% to -10), emphasises that resilience, innovation and adaptation are key to the future of the sector. In 2024, Cambodia's GFT exports surged to an all-time high of US\$ 13.6 billion, driven primarily by the Garments sector, which recorded a remarkable increase of nearly US\$ 2 billion.

Overall, The GFT sector remained a key source of export revenue for Cambodia, with its share increasing in 2024 after experiencing a decline in 2023 (Figure 6).

FIGURE 5: Cambodia's GFT Exports, 2018-2024



Source: IEC GFT Dashboard, data from General Department of Customs and Excises (GDCE)

FIGURE 6: Share of GFT exports in Cambodia's total exports to the World

Source: IEC GFT Dashboard, data from GDCE

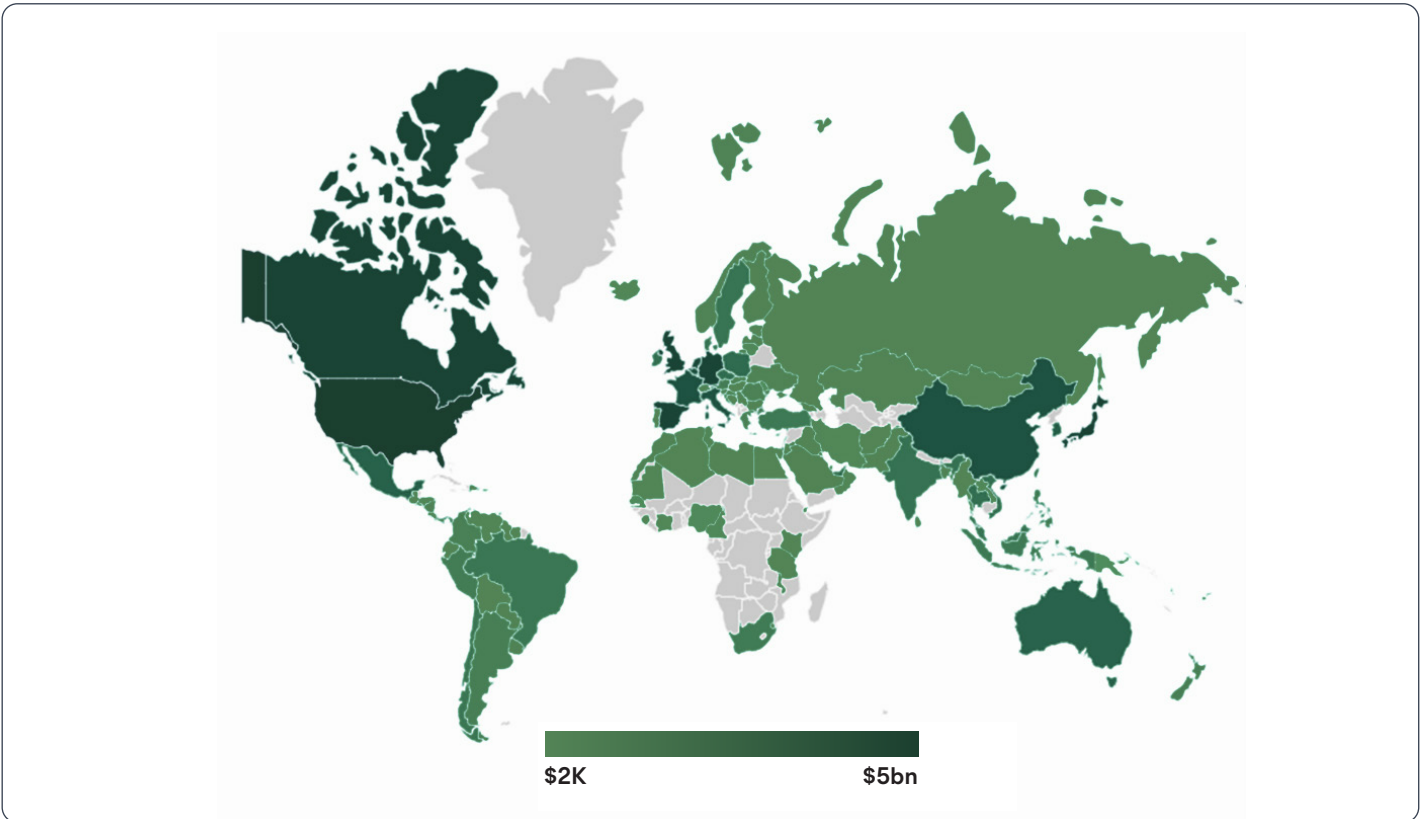
Major GFT Export Markets

The United States, the European Union, Japan, Canada, the United Kingdom, China, and ASEAN member states were the top export markets for Cambodia's GFT products.

Since 2019, the United States has remained the top export market for Cambodia's GFT sector. The US market accounted for more than US\$ 5.2 billion, over 38% of the Kingdom's total GFT export revenue in 2024. The European Union was the second most significant importer of Cambodia's GFT, accounting for almost US\$ 4 billion (or 28%) of GFT sector export revenue in 2024. The other top GFT export markets for Cambodia's GFT in 2024 were Japan (US\$ 1.1 billion), Canada (US\$ 956 million), the United Kingdom (US\$ 858 million), China (US\$ 314 million), and ASEAN (US\$ 225 million).

Between 2020 and 2024, GFT exports to both the United States and the European Union recorded the highest growth rates at 10%, followed by Japan at 6%, and the United Kingdom at 4%, while China experienced only marginal growth of 0.4%.

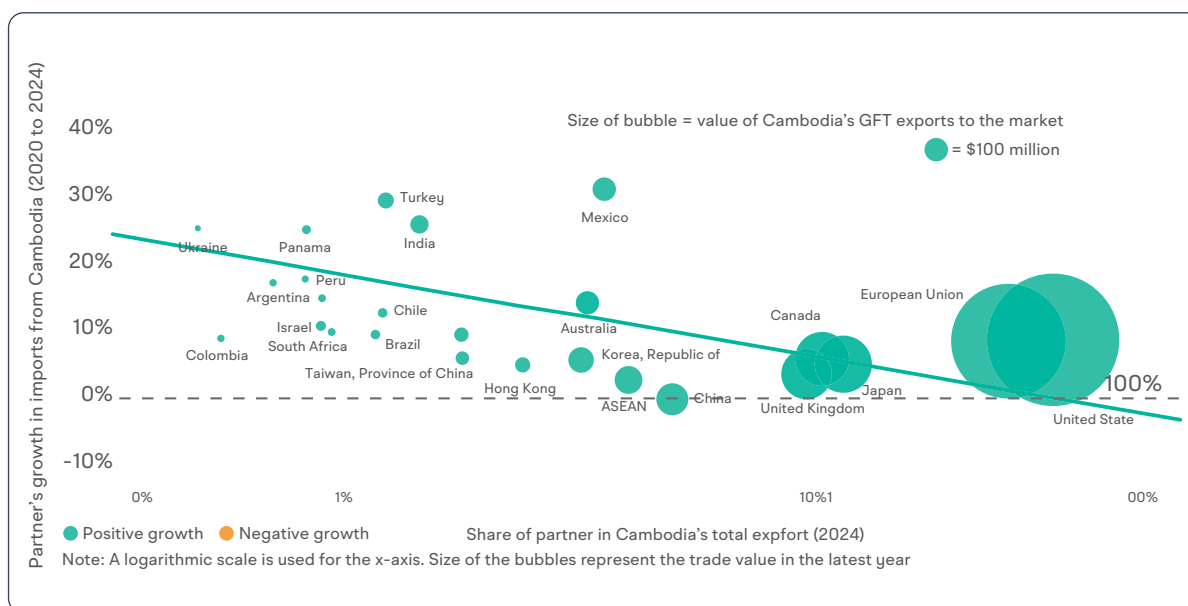
FIGURE 7: Top Export markets of Cambodia’s GFT products, 2024



Source: IEC GFT Dashboard, data from GDCE

FIGURE 8: Top 15 export markets for Garment, Footwear, and Travel Goods in Cambodia, 2024



FIGURE 9: Cambodia's GFT Export Performance by market**TABLE 1: CAMBODIA'S GFT EXPORT PERFORMANCE IN TOP 10 MARKETS**

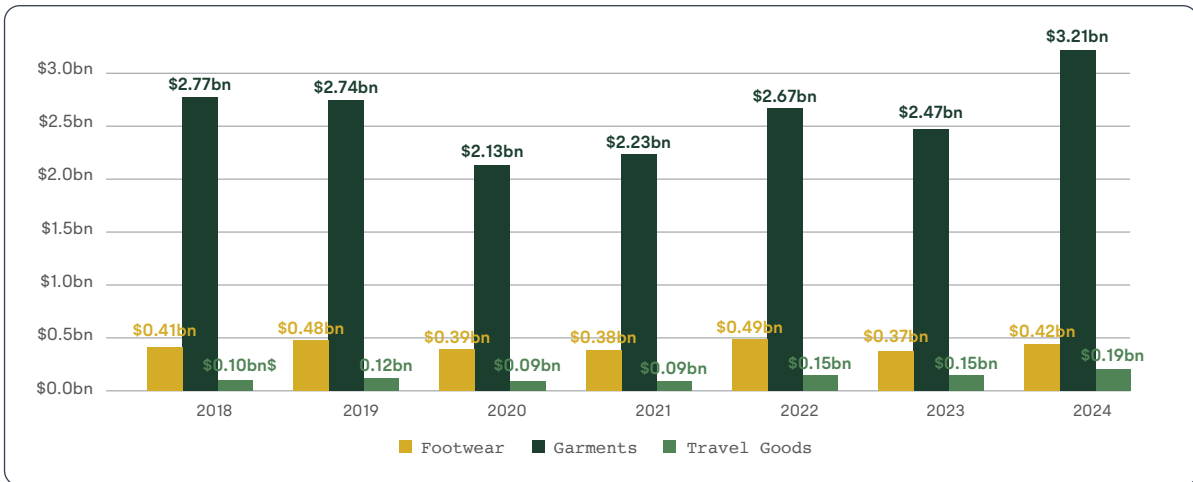
Partner	Annual Growth in GFT Imports from Cambodia, 2020-2024 (%)	Share in Cambodia's total exports, 2024 (%)	2024 Exports (US\$ million)
United States	10.3%	38.6%	5,245
European Union	10.0%	28.1%	3,814
Japan	6.3%	8.2%	1,109
Canada	7.1%	7.0%	956
United Kingdom	4.4%	6.3%	858
China	0.2%	2.3%	314
ASEAN	3.5%	1.7%	225
Mexico	35.9%	1.4%	188
Australia	16.7%	1.2%	167
Korea, Republic of	6.4%	1.2%	161

Source: IEC GFT Dashboard, data from GDCE

The European Union

Cambodia's GFT exports to the European Union remained strong over the years, boosted by duty-free quota-free market access under the Everything But Arm (EBA) scheme. Despite the decline due to the COVID-19 outbreak, which disrupted the supply chain, consumption demand, and manufacturing operation, as well as partial withdrawal of the EBA scheme in 2020, exports to the EU market in 2024 bounced back to reach US\$3.8 billion. Consumption in 2024, has increased further by more than 27% in 2024 compared to 2023.

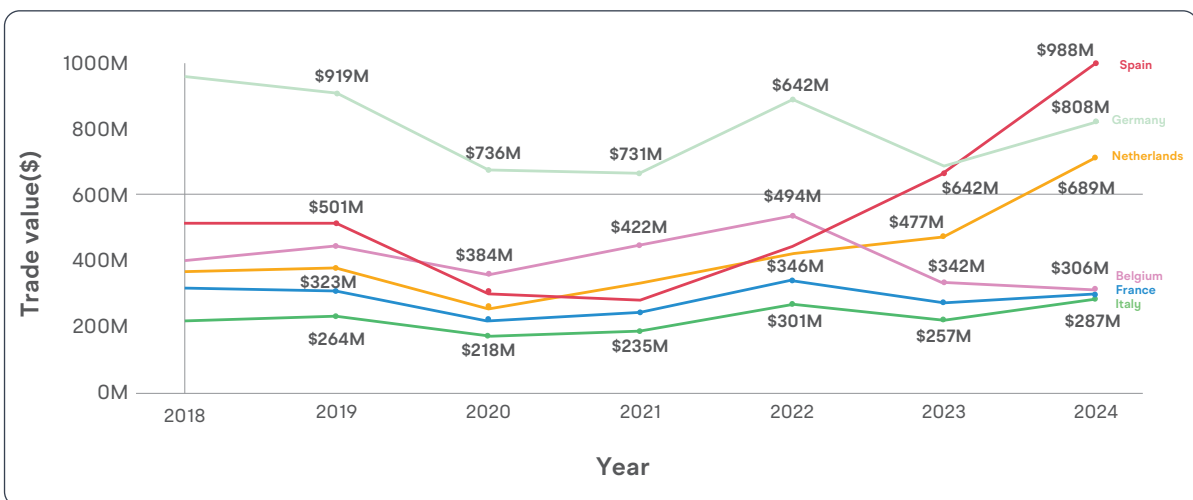
FIGURE 10: GFT Export Trend: the EU market



Source: IEC GFT Dashboard, data from GDCE

Germany had long been the leading European destination for Cambodia's GFT exports but experienced a decline in recent years, ultimately being overtaken by Spain in 2024. While exports to most major European markets have decreased over the past three years, shipments of GFT products to Spain have surged significantly since 2021. This notable growth may be attributed to INDITEX shifting its sourcing orders from Myanmar to alternative suppliers like Cambodia, boosting Spain's import volume.

FIGURE 11: GFT Export trend to major European markets



Source: IEC GFT Dashboard, data from GDCE



GFT exports to the EU in 2024 indicated a strong growth for Garment, Footwear, and Travel Goods, with an increase of 30%, 14% and 28 % respectively compared to 2023.

	2022 (US\$)	2023 (US\$)	2024 (US\$)	2024vs. 2023 (%)
Garment	2,665,630,985	2,472,790,815	3,208,796,718	30%
Footwear	488,994,870	365,866,498	416,341,011	14%
Travel Goods	145,425,250	148,124,386	189,361,261	28%

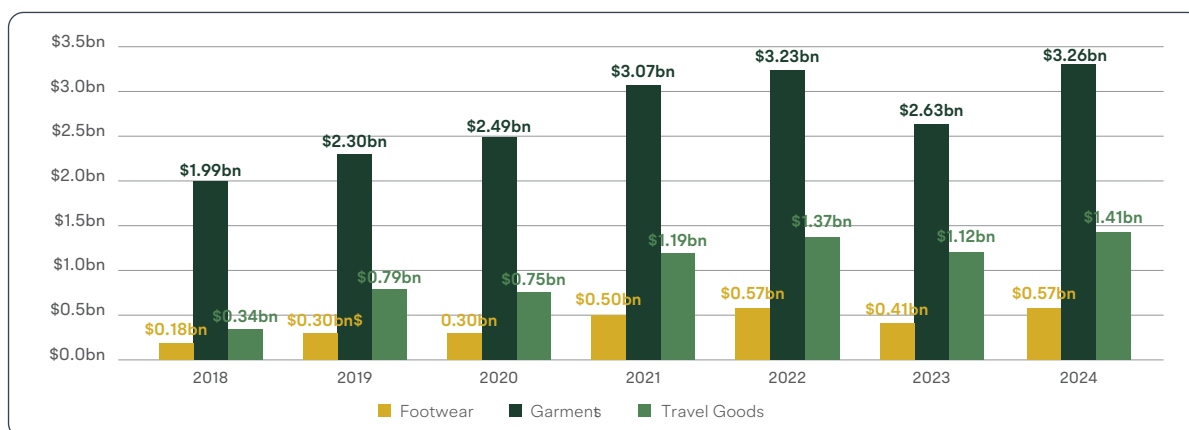
Source: Annual data (2023, 2024) from GDCE.

The United States

Title V of the Trade Act of 1974 granted duty-free treatment under GSP for eligible products imported from beneficiary developing countries (BDCs) and least-developed beneficiary developing countries (LDBDCs). While apparel and footwear are excluded from the US GSP scheme, the inclusion of travel goods and handbags was a key factor in boosting Cambodia's export of travel goods to the US. The US GSP scheme was not renewed since 2020 on the grounds of political/human rights and labour standards. Overall, the US market is large in size and, therefore, more attractive in comparison to other major markets. However, Cambodia is competing on the same footing as other major garment exporter, such as Bangladesh and Vietnam. Furthermore, the US market is considered more volatile compared to the EU or the Japanese markets.

Cambodia's GFT exports to the United States have expanded significantly over the years. In 2023, Cambodia's GFT exports reached almost US\$4.2 billion. In 2024, GFT exports to the US increased to US\$5.2 billion. The US remained the biggest importer of Cambodia's GFT globally, and the US alone accounted for more than 72% of all Cambodia's travel goods exports in 2024.

FIGURE 12: GFT Export Trend: the US market



Source: IEC GFT Dashboard, data from GDCE



Garment

Garment exports to the US increased from US\$2.6 billion in 2023 to US\$3.3 billion in 2024 – a rise of almost 24%.



Footwear

Footwear exports to the US increased from US\$408 million in 2023 to US\$572 million in 2024 – a rise of almost 40%.



Travel Goods

Travel goods exports to the US increased from US\$1.2 billion in 2023 to US\$1.4 billion in 2024 – a rise of 18%.

Cambodia's GFT exports to the US in 2024 indicated a strong recovery from the decline in the 2022-2023 period.

	2022 (US\$)	2023 (US\$)	2024 (US\$)	2024 vs. 2023 (%)
Garment	3,234,475,829	2,630,070,834	3,264,760,497	24%
Footwear	570,528,909	408,258,285	572,216,606	40%
Travel Goods	1,371,347,307	1,196,948,599	1,408,116,466	18%

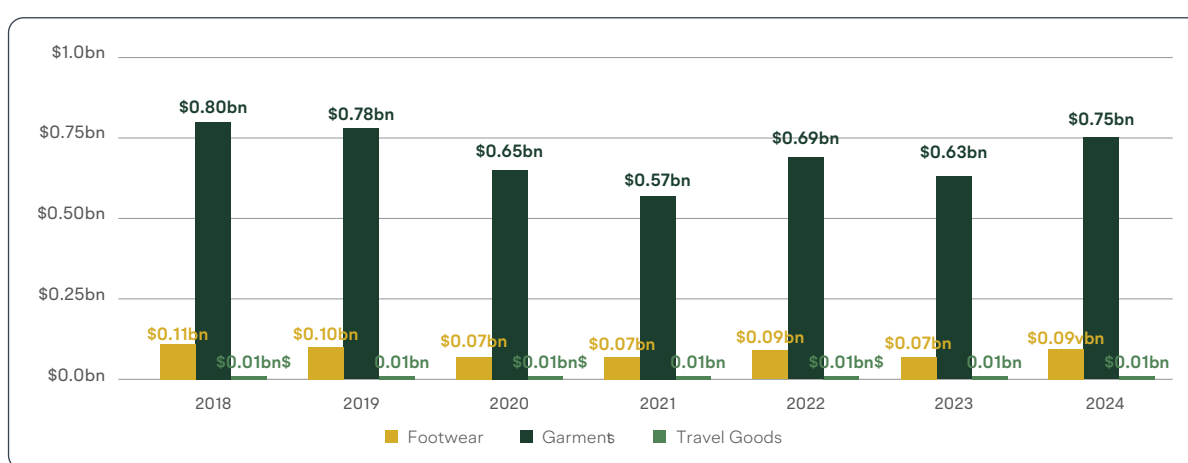
Source: Annual data (2023, 2024) from GDCE.

The United Kingdom

After Brexit, the United Kingdom developed its own Generalised Scheme of Preference (GSP), which has been in place since 1 January 2021. It largely resembles the EU GSP with three separate sub-schemes (the Least Developed Countries Framework, the Enhanced Framework, and the General). Following on, the Developing Countries Trading Scheme (DCTS) entered into force on 19 June 2023, replacing the UK's GSP and is now the applicable trading scheme for exports from Cambodia.

Cambodia's GFT exports to the United Kingdom dropped in 2020 with the outbreak of the COVID-19 pandemic and have not recovered to pre-pandemic levels. In 2023, Cambodia's GFT exports to the United Kingdom recorded US\$633 million in total export revenue, which increased to US\$751 million in 2024.

FIGURE 13: GFT Export Trend: the UK market



Source: IEC GFT Dashboard, data from GDCE



Cambodia's Garment and Footwear exports to the UK in 2024 indicated a strong bounce back from the 2022-2023 trend with positive growth whereas Travel Goods continued its expansion to a 60% increase from 2023.

	2022 (US\$)	2023 (US\$)	2024 (US\$)	2024 vs. 2023 (%)
Garment	691,668,802	633,044,528	751,432,518	19%
Footwear	89,718,139	71,041,084	87,923,361	24%
Travel Goods	10,178,825	11,955,533	19,118,113	60%

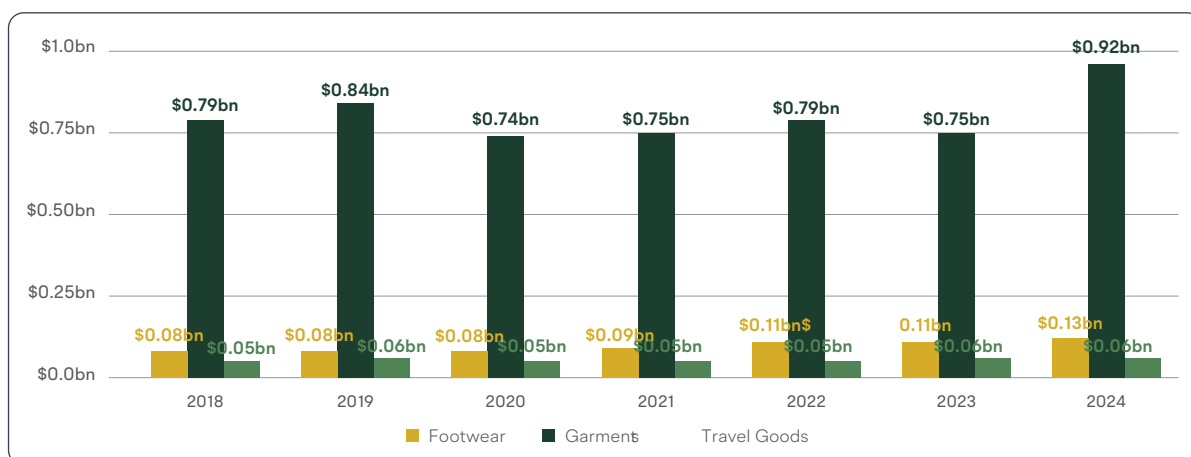
Source: Annual data (2023, 2024) from GDCE.

Japan

Japan's GSP program, first implemented in 1971 and currently in place, provides preferential tariff treatment to 128 developing countries and territories. Furthermore, Cambodia, as part of the ASEAN, has also signed the ASEAN-Japan Comprehensive Economic Partnership (AJCEP) and the RCEP, which provide preferential market access for Cambodia's exports to Japan.

Cambodia's GFT exports to Japan showed a slight decline during 2018-2021, before recovering to US\$918 million in 2023. In 2024, Cambodia's exports of GFT products to Japan grew to US\$1.1 billion.

FIGURE 14: GFT Export Trend: Japan market



Source: IEC GFT Dashboard, data from GDCE



GFT exports to Japan in 2024 indicated considerable recovery with an increase of 23% for Garments, 16% for Footwear, and 3% for Travel Goods compared to 2023.

	2022 (US\$)	2023 (US\$)	2024 (US\$)	2024 vs. 2023 (%)
Garment	793,895,717	747,409,789	918,531,659	23%
Footwear	109,616,296	110,518,888	128,735,601	16%
Travel Goods	52,469,108	60,260,259	61,873,763	3%

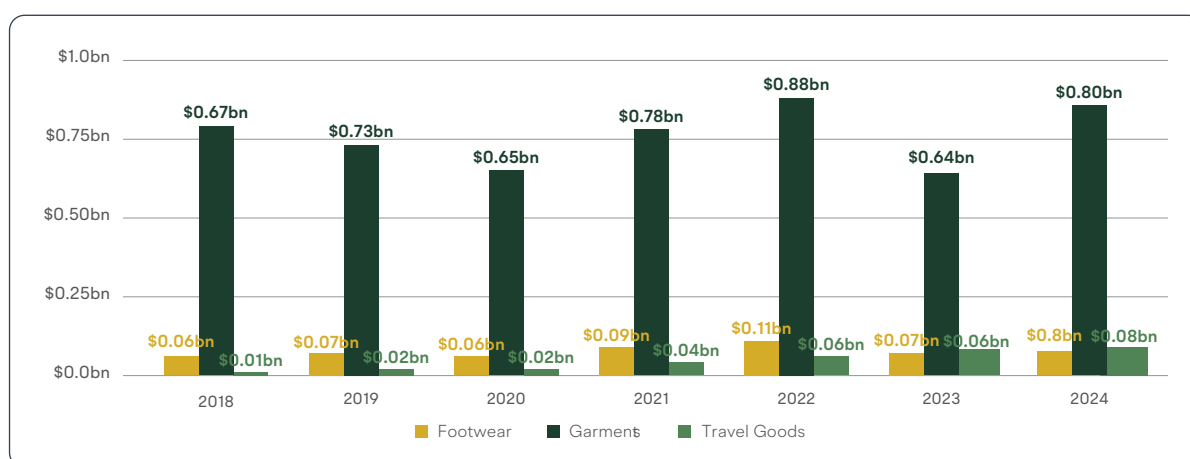
Source: Annual data (2023, 2024) from GDCE.

Canada

Canada's General Preferential Tariff (GPT), first implemented in 1974, provides duty-free or reduced tariff rates for designated developing country beneficiaries. Cambodia is also currently negotiating a regional trade agreement with Canada together with other ASEAN Member States.

Cambodia's GFT exports to Canada reached a peak of US\$1.05 billion in 2022, before falling back to around pre-COVID 19 levels, at US\$774 million in 2023. In 2024, Cambodia's exports to Canada grew again to US\$955 million.

FIGURE 15: GFT Export Trend: Canada market



Source: IEC GFT Dashboard, data from GDCE



In 2024, Cambodia's Garment and Footwear exports to Canada shifted to an upward trend, reversing the decline observed in 2022-2023, while Travel Goods exports continued to expand further.

	2022 (US\$)	2023 (US\$)	2024 (US\$)	2024vs. 2023 (%)
Garment	880,735,827	639,055,532	796,135,954	25%
Footwear	109,768,941	73,590,025	84,344,860	15%
Travel Goods	60,446,570	60,861,666	75,306,718	24%

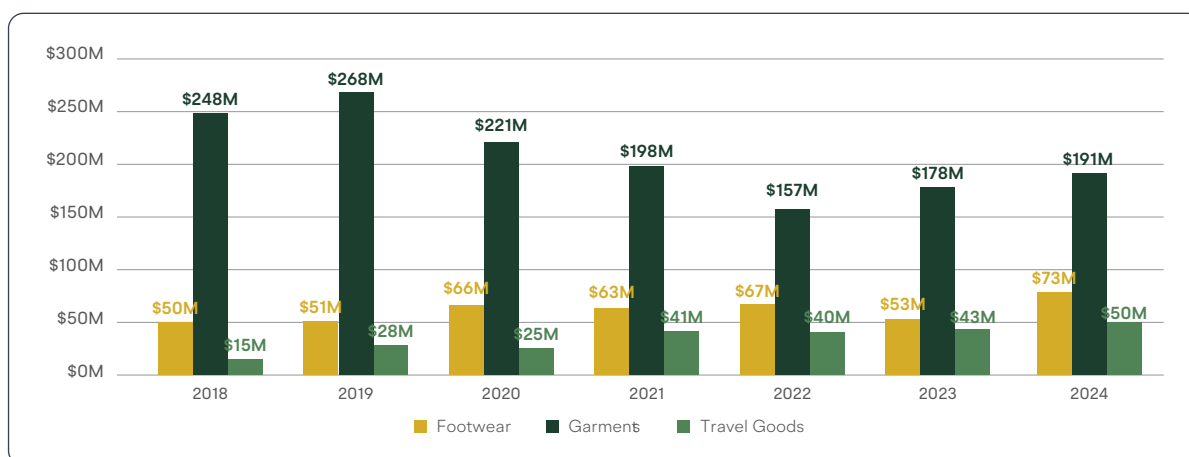
Source: Annual data (2023, 2024) from GDCE.

China

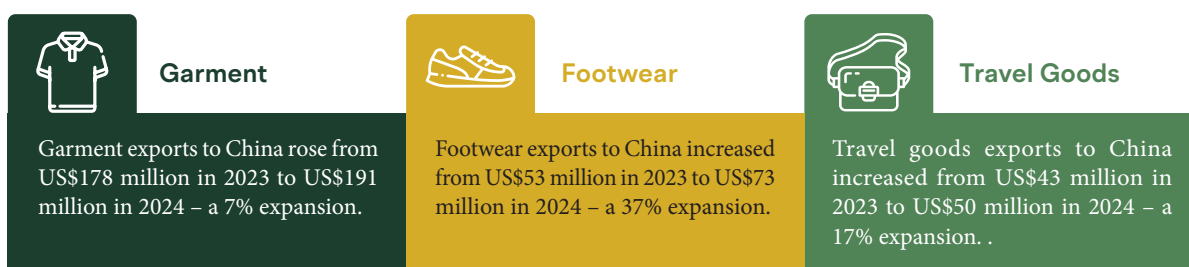
China has adopted a GSP regime that provides duty-free treatment for LDCs since July 1st, 2010. Furthermore, for trading with China, Cambodia can also utilise the ASEAN-China FTA as well as the China-Cambodia Free Trade Agreement, which was signed in October 2020 and entered into force on January 1st, 2022.

For the GFT sector, Cambodia's exports to China experienced an expansion during the 2022-2024 period after a drop from 2021. GFT exports from Cambodia to China rose from US\$264 million in 2022 to US\$314 million in 2024.

FIGURE 16: GFT Export Trend: China market



Source: IEC GFT Dashboard, data from GDCE



Footwear exports to China recovered in 2024 compared to a drop from 2022 to 2023. Garment and Travel Goods export to China on the other side continue to grow in 2024.

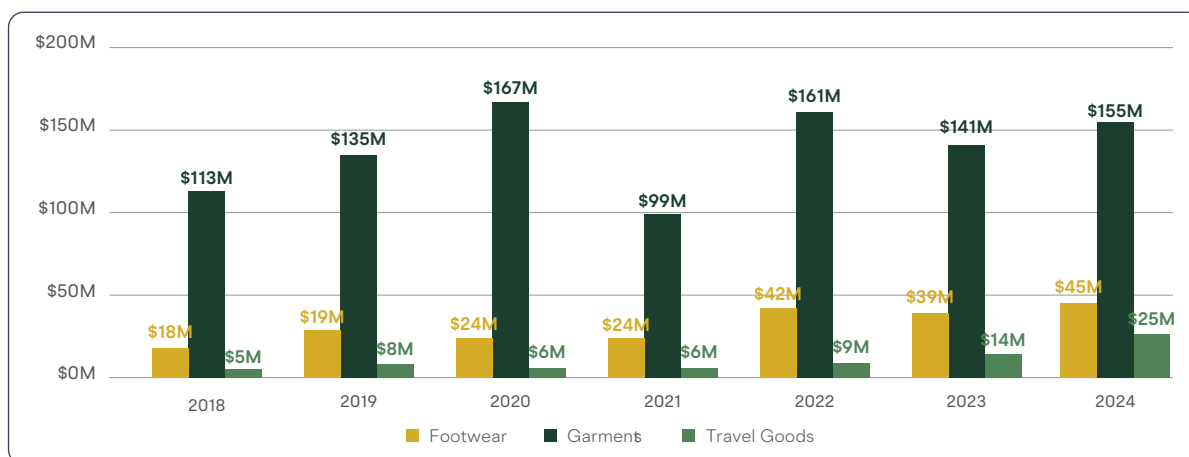
	2022 (US\$)	2023 (US\$)	2024 (US\$)	2024 vs. 2023 (%)
Garment	156,541,906	178,229,516	190,912,776	7%
Footwear	67,427,333	53,306,435	72,980,113	37%
Travel Goods	40,233,245	42,861,103	50,225,568	17%

Source: Annual data (2023, 2024) from GDCE.

ASEAN

Cambodia joined ASEAN as its 10th member on April 30, 1999, and ever since has benefited from the duty-free market-free access to the ASEAN market for almost all goods under the ATIGA as well as ASEAN+ FTAs. While most other ASEAN Member States have a GFT industry, Cambodia managed to generate export revenue of US\$254 million and US\$235 million to other ASEAN Member States in 2022 and 2023 respectively.

FIGURE 17: GFT Export Trend: ASEAN market



Source: IEC GFT Dashboard, data from GDCE



In 2024, Cambodia’s GFT exports to ASEAN showed a strong rebound, with Garment and Travel Goods exports recording a growth rate compared to the 2022-2023 trend. Travel Goods exports to ASEAN continued their expansion, sustaining the positive momentum.

	2022 (US\$)	2023 (US\$)	2024 (US\$)	2024vs. 2023 (%)
Garment	161,080,000	141,244,876	154,925,965	10%
Footwear	42,058,670	38,777,209	45,057,969	16%
Travel Goods	9,310,304	13,564,412	25,342,604	86%

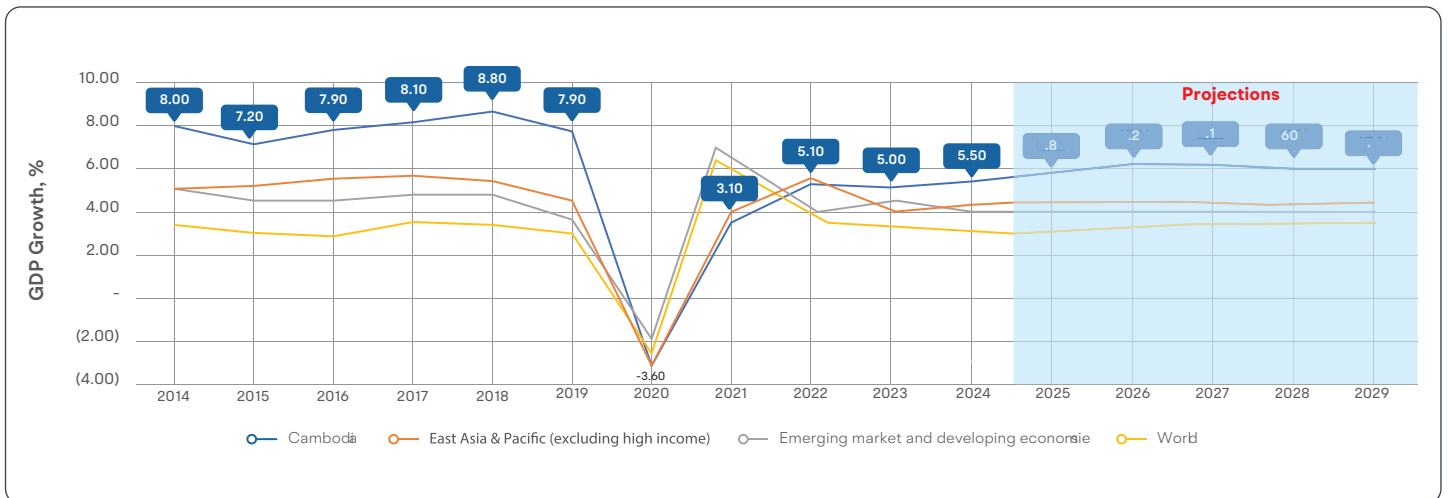
Source: Annual data (2023, 2024) from GDCE.

4. Outlook

Economy Outlook

Cambodia’s economy regained growth momentum even though the growth rate has not returned to the pre-pandemic level. In 2024, nominal GDP reached US\$ 47.2 billion, indicating of growth of 5.5% compared to 2023. This growth rate is considerably higher than the average growth of the Southeast Asia region and the world, which stood at 4.6% and 3.2%, respectively (). In 2024, accelerated growth in the garment sector, growth in agricultural exports, as well as the ongoing recovery in tourism contributed to further acceleration of economic growth in Cambodia. Exports have strongly rebounded since late-2023, while tourism receipts have lagged despite the continued recovery in tourist arrivals. The growth in the garment and agricultural exports are driven by the rebound in global and regional demand and trade diversion effects arising from the garment sector of Bangladesh and Myanmar amid social unrest.

FIGURE 18: Cambodia’s GDP Growth Rate



Source: IMF (2024). World Economic Outlook, October 2024 update

As per the IMF, near-term growth in Cambodia is supported by export and tourism recovery, while non-tradable sectors remain weak due to subdued domestic demand. Over the medium term, growth will be driven by exports and a broader recovery in non-tradable sectors, reaching a potential growth rate of 5.8% in 2025. The IMF has anticipated several macroeconomic risks faced by Cambodia’s economy in 2024, with direct impacts on the GFT sector as below:

External risks	Internal risks
<ul style="list-style-type: none"> ▶ Impact of US tariff policy changes on global market trends ▶ Regional conflicts leading to reduced tourism, disrupted supply chains, higher shipping costs, slower economic growth, and reduced FDI. ▶ Commodity price volatility causing increased food and energy costs, household budget pressures, and potential social instability. ▶ Global interest rates remaining high. ▶ Slow growth in Cambodia's major trading partners impacting investment, exports, and tourism ▶ Escalating tensions and geopolitical fragmentation disrupting supply chains, exports and investment ▶ Adverse effects of climate change 	<ul style="list-style-type: none"> ▶ Rising threat of non-performing loans, which could dampen consumption and investment, including for GFT investment and consumption ▶ Domestic debt market underdevelopment. ▶ Economic structural weaknesses due to a lack of diversified growth drivers, weak institutions, and data limitations hinder sustainable economic development ▶ Limited capacity, skills, and productivity ▶ High transportation costs ▶ High electricity costs

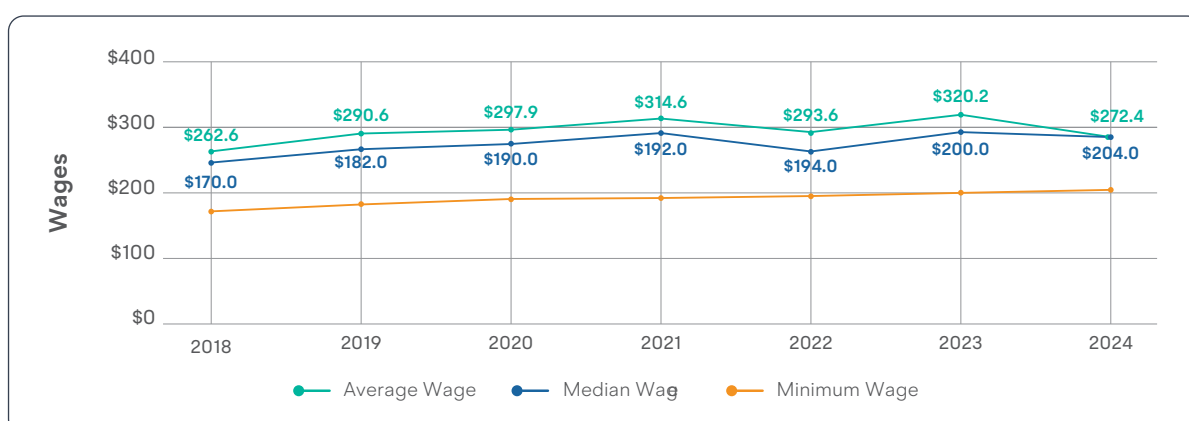
Source: Author summarised from IMF (2025)

Wages

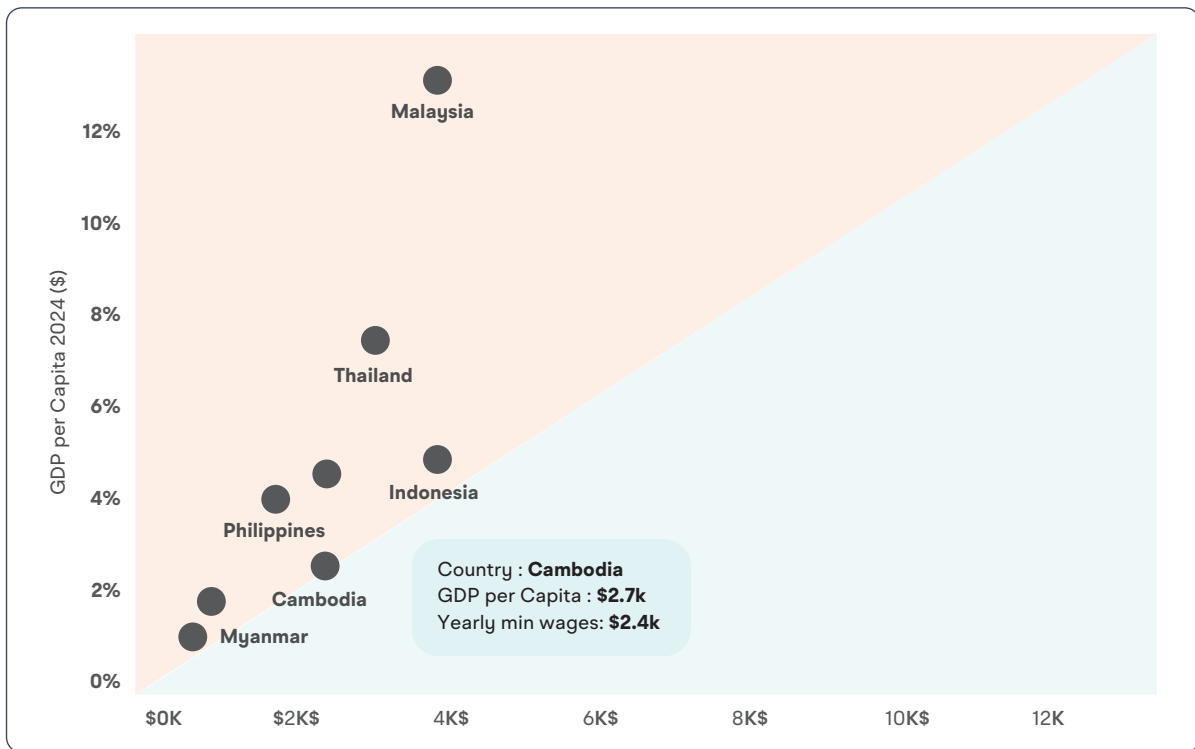
The GFT sector is a labour-intensive sector, and labour cost represents a major component of CMT operation, which accounts for around 70% of the operations of Cambodia's GFT factories. The nominal minimum wage in Cambodia's GFT sector has witnessed an increase over the past ten years from a low base of US\$100 in 2014. As of 2024, the minimum wage in Cambodia increased to US\$204 per month, up from US\$200 US\$ per month in 2022, with an increase to US\$208 already set for 2025. In addition to the base wage, workers are also entitled to various fringe-benefit payments for transportation, rent, seniority bonus, meal allowance, and regular attendance.

Cambodia's current minimum wage is slightly higher than Vietnam (US\$154-US\$198) and Bangladesh (US\$117 since 1 December 2023), two major competitors of Cambodia in the GFT sector.²⁶

FIGURE 19: Changes in Cambodia GFT Workers' Wages, 2018-2024



Source: IEC GFT Dashboard, data from TAFTAC

FIGURE 20: Minimum wages vs GDP per capita in selected countries, 2024

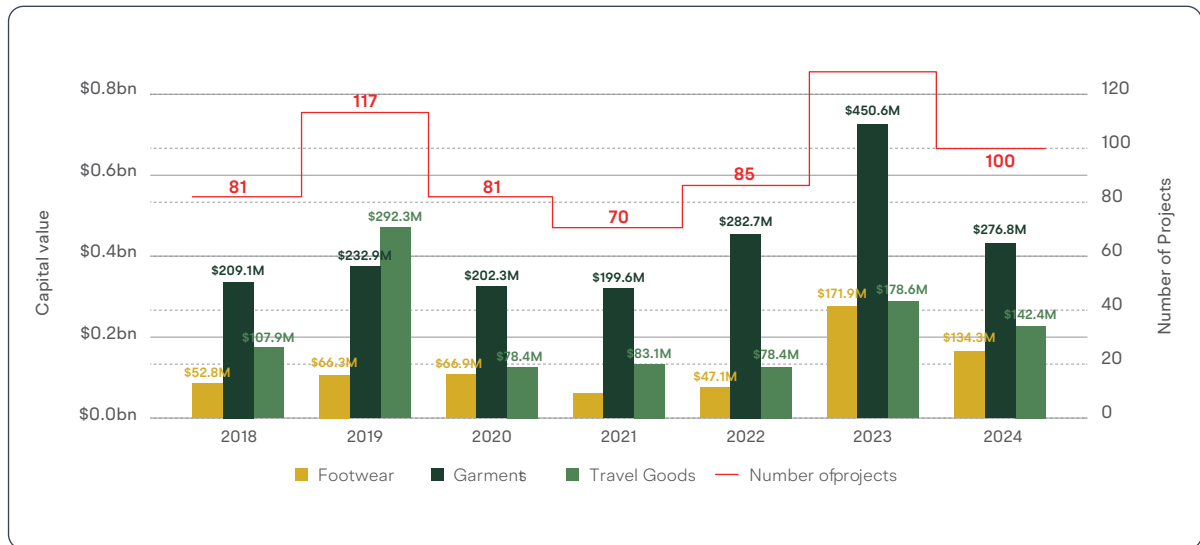
Source: Minimum wages from Ministry of Labour and Vocational Training; GDP per capita from IMF (2024); Countryeconomy.com.

Cambodia currently enforces a minimum wage specifically for the GFT sector, which, when compared on an annual basis, is relatively high in relation to both GDP per capita and minimum wages in other ASEAN countries (Figure 20), highlighting the importance of the sector in creating income for labour. As such, the minimum wage is relatively high in comparison to other countries.¹ However, increasing labour costs also puts pressure on CMT factories operating at low margins. As the minimum wage continues to rise, increasing productivity and lowering the time and cost of doing business will be necessary to retain the competitiveness of the GFT sector.

Investment

Investment in the GFT sector in Cambodia fluctuated during 2018-2024, totalling US\$3.4 billion across 665 projects. Garment accounted for 55% of cumulated GFT investment during the 2018-2024 period. However, following an upward trend from 2021 to 2023, investment across all three sectors declined in 2024, recording a total 31% decrease.

¹ Care should be taken in comparing the minimum wage of a sector (such as GFT in Cambodia) to the average GDP per capita of a country across all sectors. The GFT sector is a major source of foreign exchange revenue for Cambodia, and the GFT sector is a more tradeable sector than most other sectors of an economy, such that the wages are likely to be higher than (less tradable sectors) of an economy. Nevertheless, the comparison of the minimum wage across ASEAN countries, comparative to national GDP per capita, appears relatively higher in Cambodia.

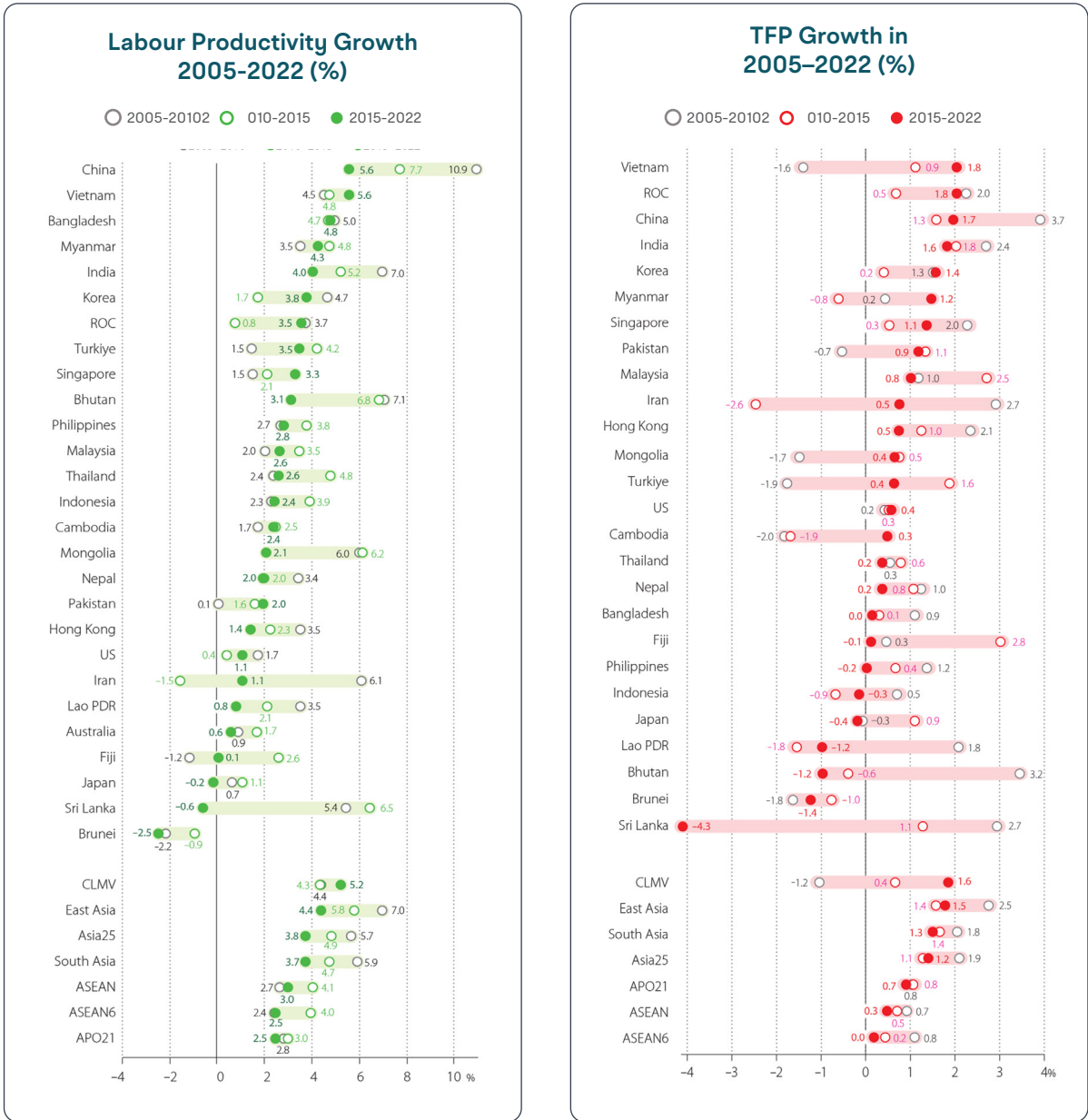
FIGURE 21: Investment in Cambodia GFT, 2018-2024

Source: IEC GFT Dashboard

Productivity

According to the Asian Productivity Organisation (2024), Per-Worker Labor Productivity in Cambodia was the lowest compared to other ASEAN peers. In 2022, the Per-Worker Labor Productivity in Cambodia US\$8,300,²⁷ lower than Myanmar (US\$8,400) and Lao PDR (US\$15,000), Vietnam (US\$23,000) and the CLMV group (average US\$18,300). However, Cambodia exhibited high labour productivity growth (calculated as growth in per-hour GDP) and total factor productivity growth (calculated as growth in output per combination of labour and capital input) over the 2015-2022 period (). It is projected that Cambodia's productivity will continue to grow in the 2024-2025 period as a result of combined growth in labour quality, labour input, and capital input growth, which may contribute to the kingdom's catching up with regional and global productivity.

FIGURE 22: Cambodia's Productivity Growth



(%: average annual growth rate)	1970	1980	1990	2000	2010	2015	2019	2020	2021	Projection			
	-80	-90	-2000	-10	-22	-22	-20	-21	-22	2022-25	2025-30	2030-35	2022-35
GDP growth	-6.3	4.2	6.2	7.7	4.8	5.1	0.2	3.5	3.6	5.5	6.0	6.0	5.9
Labor input growth	-0.2	4.0	6.1	4.6	4.0	3.1	-1.1	4.0	1.3	1.5	2.0	2.0	1.9
labor quality growth	0.4	0.8	1.6	0.9	1.6	0.4	-1.6	1.7	-0.2	2.2	2.0	2.1	2.1
Hours worked growth	-0.7	3.2	4.5	3.6	2.4	2.7	0.5	2.3	1.4	-0.7	0.0	-0.1	-0.2
college labor input growth	3.9	7.6	8.0	14.0	7.2	7.2	0.3	3.8	1.4	2.1	3.3	4.1	3.3
non-college labor input growth	-0.3	3.7	6.0	4.1	3.8	2.8	-1.2	4.0	1.2	1.4	1.8	1.8	1.7
ICT capital input growth	-23.4	-1.4	22.6	16.0	16.4	7.9	-1.4	-4.6	4.0	14.1	9.7	13.3	12.1
Non-ICT capital input growth	2.4	0.4	4.5	8.8	7.0	6.9	7.2	6.4	6.0	6.2	6.9	7.2	6.9
Per-worker labor productivity growth	-5.7	0.9	2.3	4.4	2.7	3.2	1.7	1.7	2.2	5.3	5.4	5.8	5.5
Capital productivity growth	--0.1	0.0	-4.1	-8.7	-7.0	-6.9	-7.1	-6.3	-5.9	-0.8	-1.0	-1.3	-1.0
TFP growth	-7.4	2.5	1.0	0.8	-0.6	0.3	-2.5	-1.5	0.3	1.9	1.8	1.7	1.8

Source: APO Productivity Databook 2024

5. US Tariff Changes

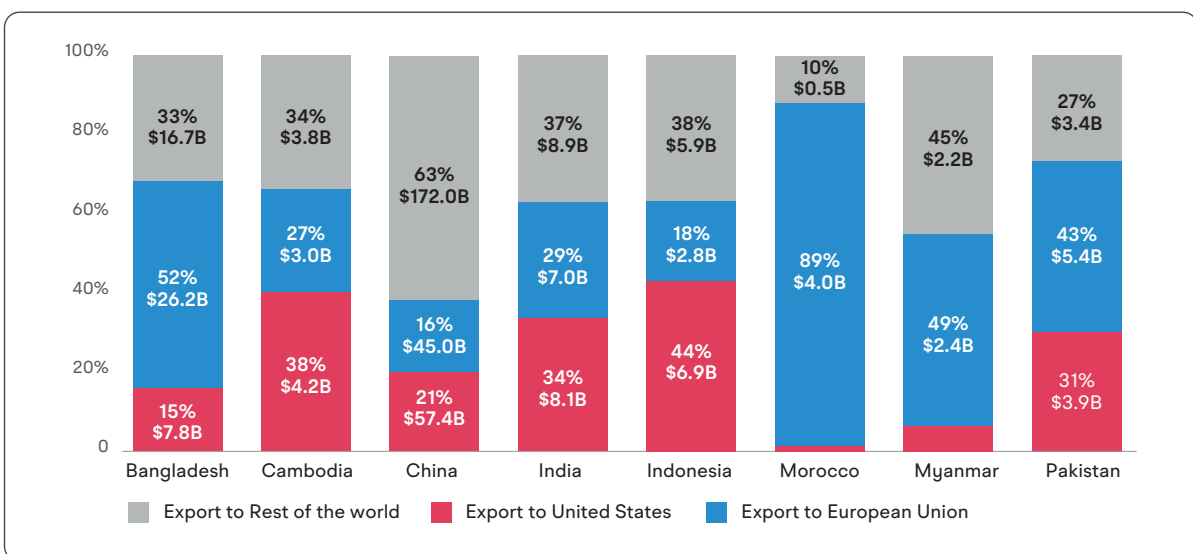
The global trade landscape is once again at a crossroads in 2025, with the world taken by storm by Donald Trump’s tariff policy announcement on April 2, 2025. As part of his broader policy agenda, Trump has targeted countries with trade surpluses against the United States calculating the new tariffs based on the trade deficit²⁸ instead of tariffs reciprocity. The tariff imposed on Cambodia is 49% from 9 April, on top of pre-existing tariffs imposed by the US on Cambodia.

The approach taken by the Trump Administration took many analysts by surprise. In the GFT sector, Cambodia has only benefitted from US GSP preferences in the travel goods sector and has been trading with the US at MFN rates for garments and footwear products. It should be highlighted that the overall US trade deficit with Cambodia has doubled between 2020 and 2024 (from US\$ 6.5 billion to US\$ 13 billion), and that Cambodia now ranks 18th market with the largest surplus over the US market.

The time of publishing this brief is only a few days since the announcement, hence an initial impact analysis of the new tariffs by country is premature and ambitious. We will limit ourselves here to a few considerations about the diversification of trade of few countries, being conscious of the fact that in the next few months the competitiveness charts of the GFT sector could be upset and disrupt by the outcome of the negotiations.

Cambodia’s GFT sector export dependency on the United States is significant compared to other key GFT exporters, making it more vulnerable to tariff changes and trade policy shifts. Figure 23 indicates that 38% (US\$4 billion) of Cambodia’s exports were destined to the US, showing higher dependency compared to Bangladesh (15%) and China (21%), but lower than Indonesia (44%) and Pakistan (31%). The remaining 62% of Cambodia’s exports go to other global markets, such as the EU (27% of GFT exports), yet it remains more exposed to the US than competitors like China and Indonesia, which have a more globally balanced export structure.

FIGURE 23: Export Dependencies on the EU and US markets and other key GFT exporters, 2023



Source: IEC based on UNComtrade (2024).

Note: Mirror data is used for Bangladesh

In the immediate hours of Mr Trum announcement, the Minister of Commerce of Cambodia issued a letter to the US Ambassador informing that the Royal Government of Cambodia was reducing the tariffs of import from US to Cambodia from 35% to 5%. In the Annex list, however, the GFT goods were not mentioned.

A comparison of US tariffs on Cambodian products and Cambodia's tariffs on US products shows slight differences. Table 2 lists the tariffs faced by Cambodia from the US in the GFT sector and vice versa. While the tariffs in the GFT sector appear broadly similar, Table 2 shows the slight differences between US tariffs on Cambodian products and Cambodia's tariffs on US products.

Even if tariff structures are similar, Cambodia's GFT sector which relies heavily on US market access, would remain susceptible to economic fallout. The following figure 24 shows the top sourced of Garments and Footwear into the US for 2024.

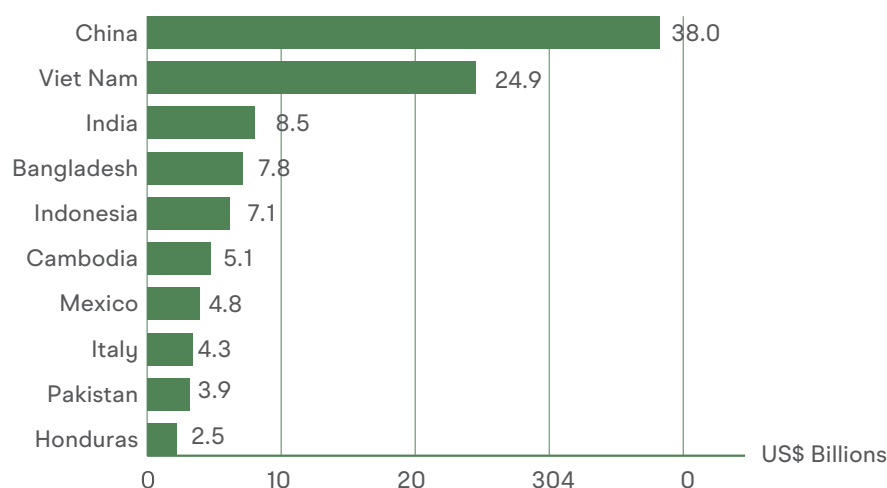
TABLE 2 : Table 2 Cambodia-US Tariffs in the GFT sector

HS Code	Product Description	US Tariffs to Cambodia		Cambodia's Tariffs to US	
		Tariff Regime	AVE	Tariff Regime	AVE
422	Trunks, suitcases, vanity cases, executive cases, travelling bags, etc	GSP preference	4%	General tariff	7%
61	Articles of apparel and clothing accessories, knitted or crocheted	MFN duties	14%	General tariff	15%
62	Articles of apparel and clothing accessories, not knitted or crocheted	MFN duties	11%	General tariff	15%
63	Other made-up textile articles; sets; worn clothing and worn textile articles; rags	MFN duties	8%	General tariff	7%
64	Footwear, gaiters and the like; parts of such articles	MFN duties	12%	General tariff	12%

Source: ITC Market Access Map (2025)

Note: Average duty rate for the 2 digits classification covering all materials

FIGURE 24: Top 10 Import Sources for HS 61-64 (Garments and Footwear) for the US in 2024



Source: IEC based on ITC Trademap (2025).

6. Recommendations

The below table summarises the strength, weakness, opportunity, and threat factors affecting Cambodia’s GFT sector, and the recommendations for the government and sector players to take advantage of opportunities and cope with headwinds for the sector’s long-term growth.

S Strength

Factor	Action
Relative availability of labour	Implementing vocational training programs to improve the skills of the workforce, productivity, and value-added.
Competitive manufacturing costs	Adopting automation and smart manufacturing techniques to improve efficiency and enhance product quality; Streamline production processes and optimise resource utilisation via lean manufacturing principles.
Continued growth in labour and total productivity	Sustaining growth by continued labour upskilling, investing in technology capital, and adopting performance management systems

W

Weakness

Factor	Action
High transportation costs	Improving tracking cost, adding new specialized railway boogies for containers, accelerate expansion of Sihanoukville port to phase 2 and 3.
High electricity costs	Reduce tariffs for industrial establishments, this will promote adoption of automation and modern machinery.
Difficulty in installing Rooftop Solar due to high taxation	Remove or drastically reduce “compensation Tariff” on solar rooftop systems and provide incentives for installing the same.
Relatively limited capacity and skills	Adopting automation and smart manufacturing techniques to improve efficiency and enhance product quality; Streamline production processes and optimise resource utilisation via lean manufacturing principles.
Increasing wages and labour costs	Adopting automation and smart manufacturing techniques to improve efficiency and enhance product quality; Streamline production processes and optimise resource utilisation via lean manufacturing principles.



Opportunity

Factor	Action
Potential trade diversions from US tariff shifts and shifting supply chains	Enhance market intelligence, participate in trade expos, and leverage digital platforms to attract new clients Improving production transparency, adopting global quality standards, and offering competitive contract terms to new investors.



Threat

Factor	Action
Export vulnerabilities due to reliance on Western markets	Focus on expanding exports to regional markets in the ASEAN region aligning with their market demands. Establish partnerships with regional suppliers to increase market reach.
Risk of future trade restrictions	Prioritise compliance with international trade and labour standards to reduce risks of tariffs or trade restrictions.
Uncertain global trade environment	Develop contingency plans, such as building inventory buffers and securing plans for alternative suppliers.

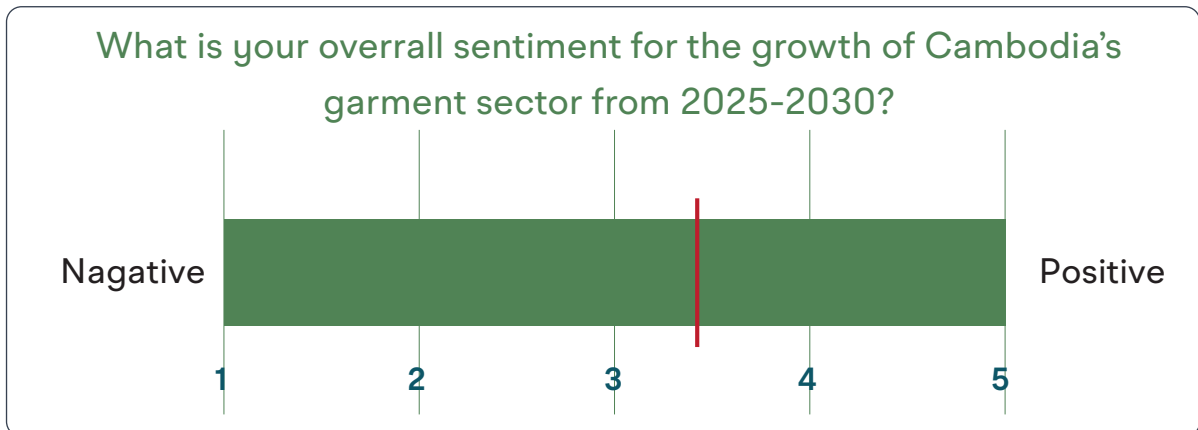
S = Strength W = Weakness O = Opportunity T = Threat

Source: Authors' compilation

Annex 1: Survey Highlights based on factories responses

Initial responses from TAFTAC's survey among factories from March 2025 highlights GFT sector business sentiment on overall perceptions for the sector's growth, current geopolitical trends and government support for the sector. 80.9% of surveyed members expected to see their revenue grow in 2025 but were concerned that costs across a variety of categories (energy, labour, raw materials, machinery and compliance) were also increasing.

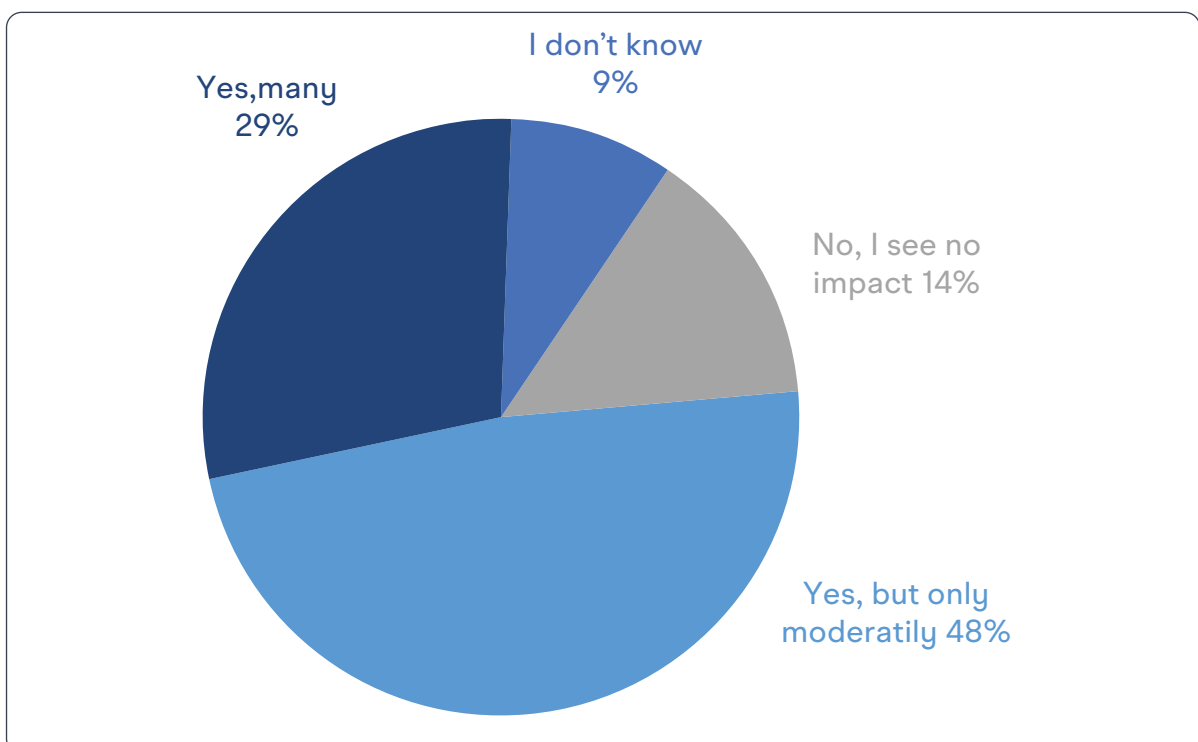
Survey responses on growth in the sector



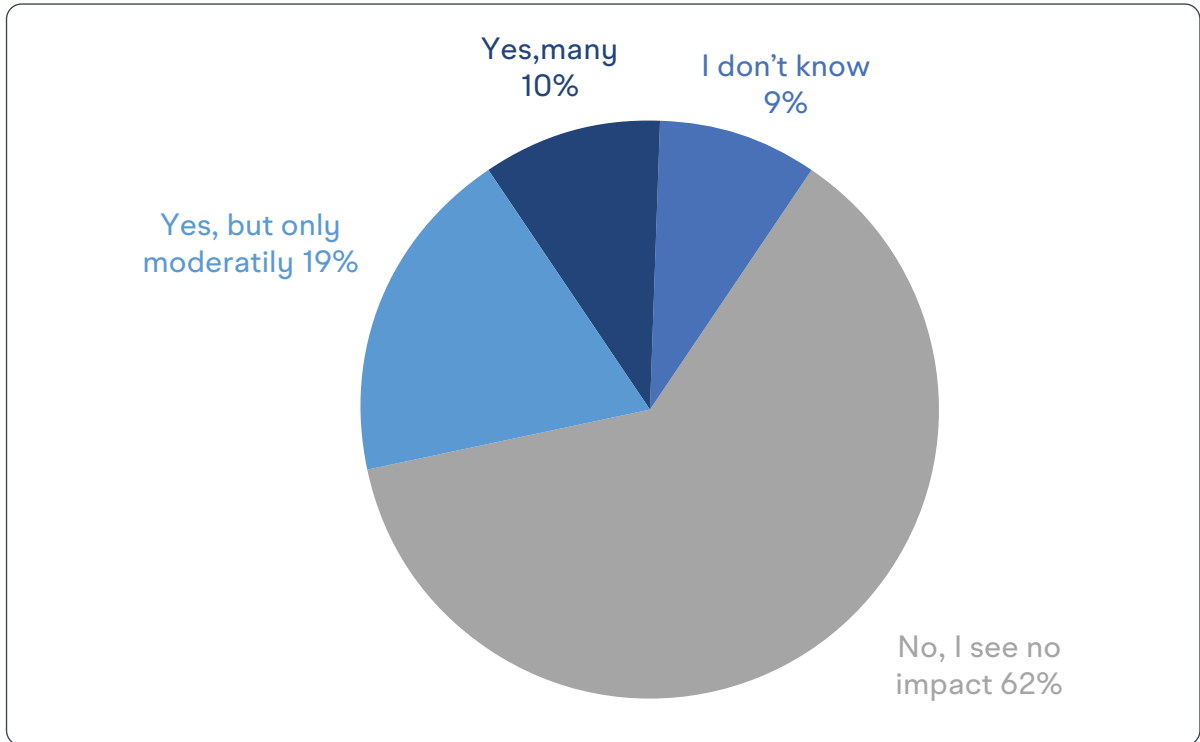
Note: Average of responses. No. of Responses= 21. Source: Authors based on TAFTAC (2025).

Survey Responses on geopolitical factors

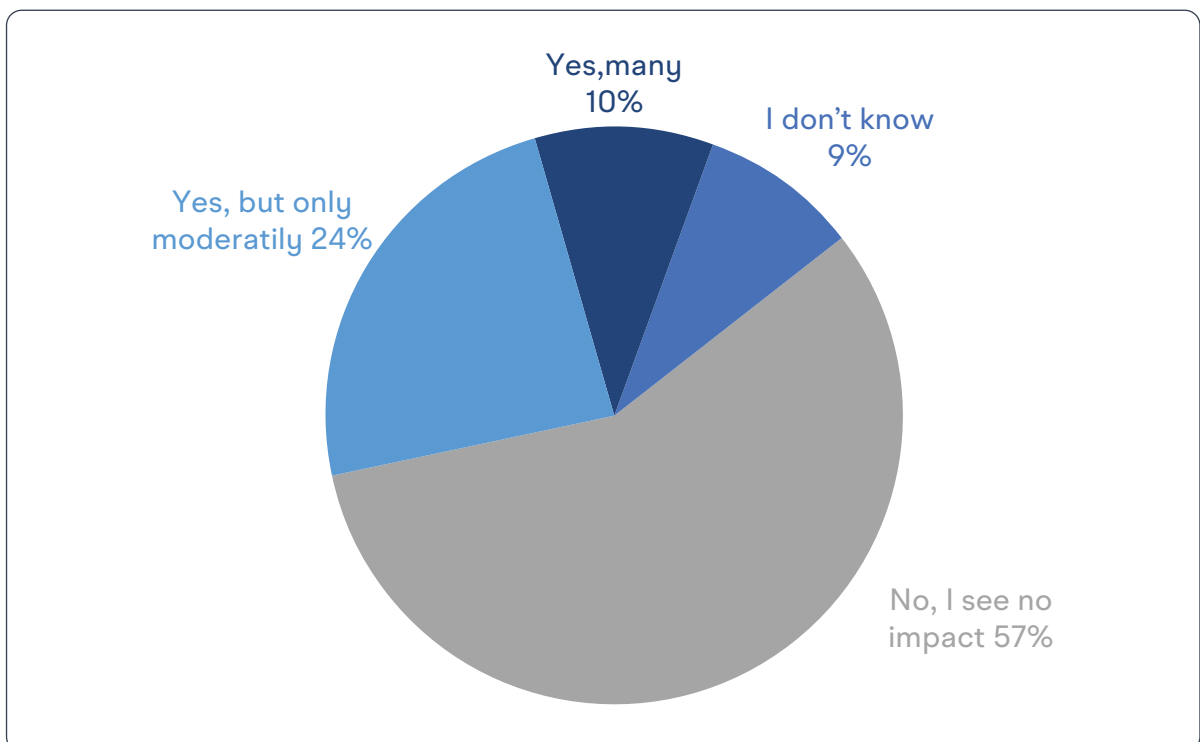
IS WESTERN "DE-RISKING" FROM CHINA AFFECTING YOUR BUSINESS? ARE YOU SEEING ORDERS BEING SHIFTED TO CAMBODIA?



**HAS THE POLITICAL INSTABILITY IN BANGLADESH
AFFECTED YOUR BUSINESS? ARE YOU SEEING ORDERS
BEING SHIFTED TO CAMBODIA BECAUSE OF THIS?**

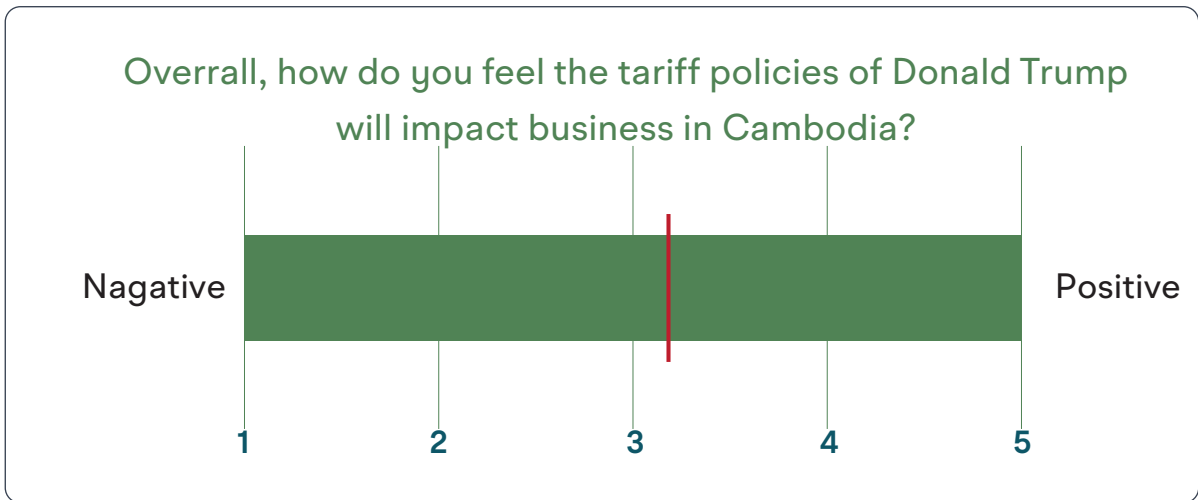


**HAS THE POLITICAL INSTABILITY IN MYANMA
AFFECTED YOUR BUSINESS? ARE YOU SEEING
ORDERS BEING SHIFTED TO CAMBODIA BECAUSE
OF THIS?**



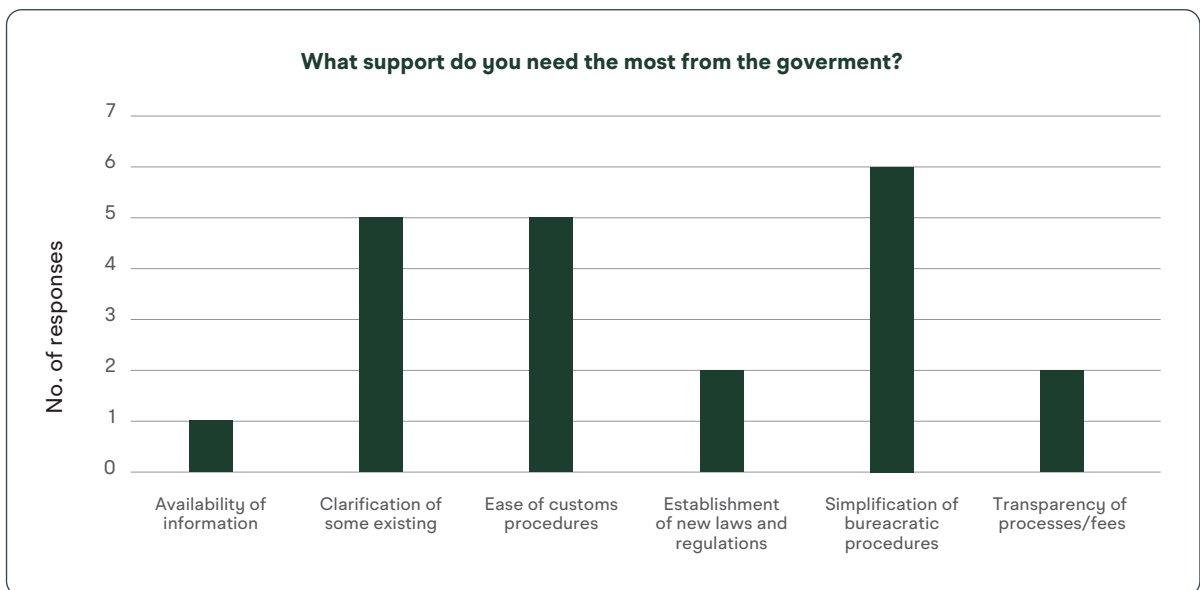
Note: No. of Responses= 21. Source: Authors based on TAFTAC (2025).

Survey Responses on government support



Note: Average of responses. No. of Responses= 21. Source: Authors based on TAFTAC (2025).

Survey Responses on government support

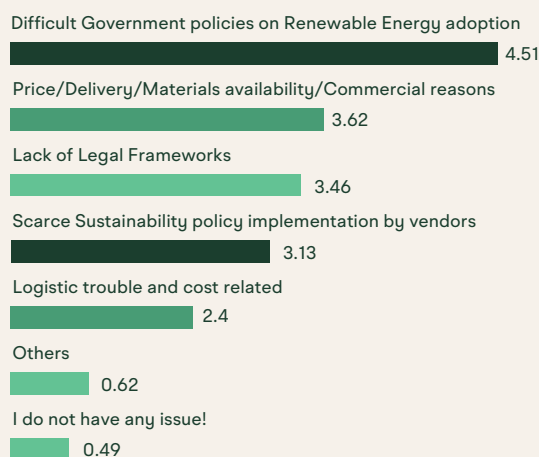


Note: No. of Responses= 21. Source: Authors based on TAFTAC (2025).

Annex 2: Survey Highlights based on International Brands responses

Survey was conducted among participants of the 7th Environmental Brand Meeting of the EuroCham of Cambodia and was responded by 37 brands' specialists, belonging to 25 brands during the CAMBODIA TEXTILE SUMMIT 2025 in March 2025.

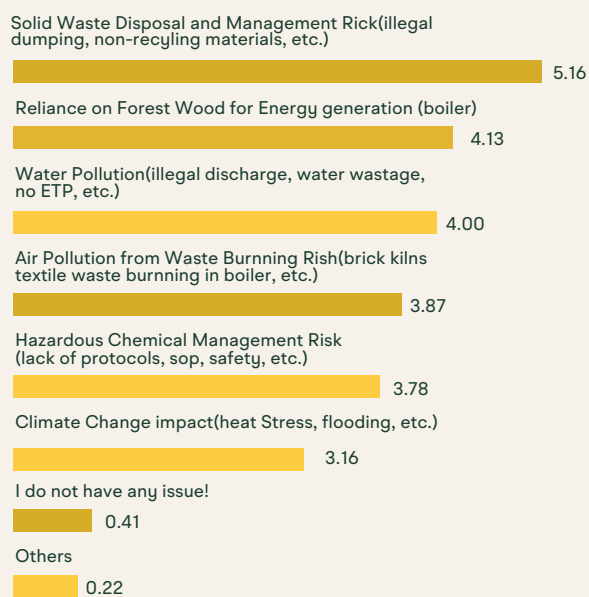
What is the main ISSUE that your company encounters when doing business in Cambodia? (Ranking)



Others:

- number of unions
- no proper logistics companies for last mile; international human rights policies are not applied; no public infrastructures to practice sport.

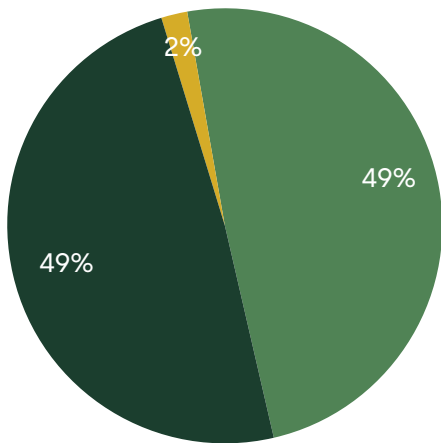
Which ENVIRONMENTAL RISK is, is your opinion, the major one associated with doing business in Cambodia?(Ranking)



Others:

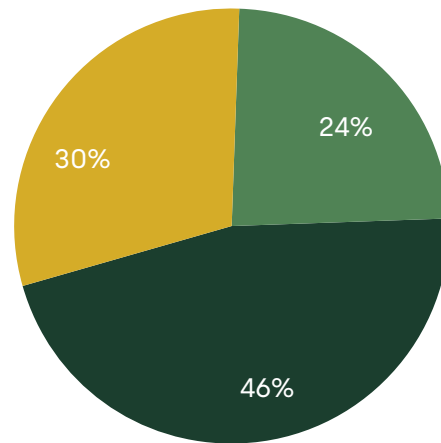
- missing legal framework for waste management; no education on waste management

What about, in your opinion, the ORDER'S TREND allocation of your company for Cambodia for 2025?



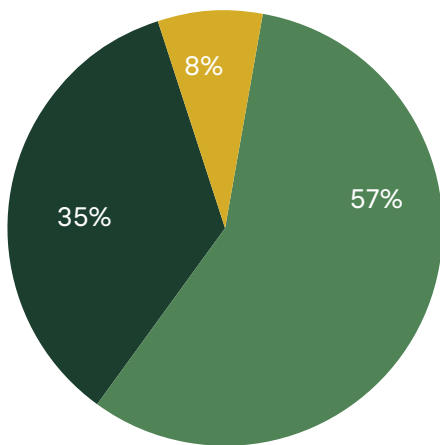
- Yes, order will probably go up for Cambodia. 49%
- Orders will likely be stable for Cambodia. 49%
- No, order will go down for Cambodia in 2025. 2%

In your opinion, has the Bangladesh Crisis still affecting order planning and the Cambodia orders allocation?



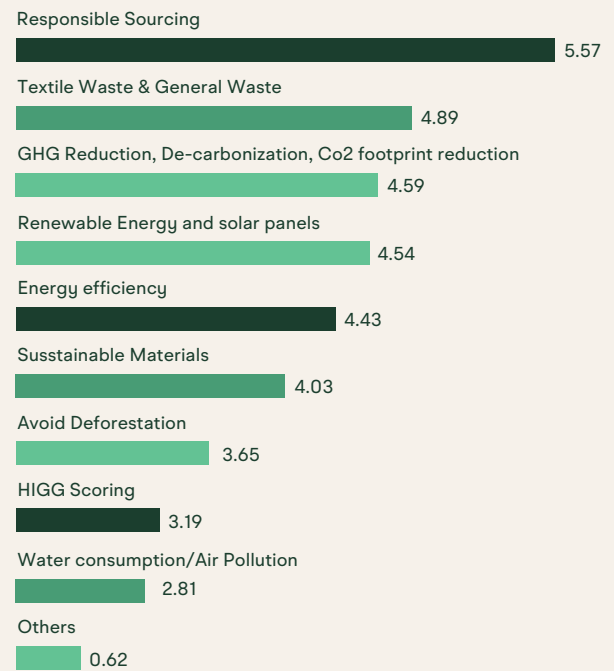
- Yes, definitely, some orders still shifting from Bangladesh to Cambodia. 24%
- Yes, but we did not shifted orders from Bangladesh to Cambodia. 46%
- No, nothing changed. 30%

Is the de-risking from China continuing in 2025? Are order being shifted to Cambodia or not, in your opinion?



- Yes, I think is continuing and order are shifted to Cambodia. 57%
- Yes, but moderately, only few orders are landing in Cambodia. 35%
- No, we already shifted everything, and no additional order are coming to Cambodia. 8%

Which are your top priorities for 2025?



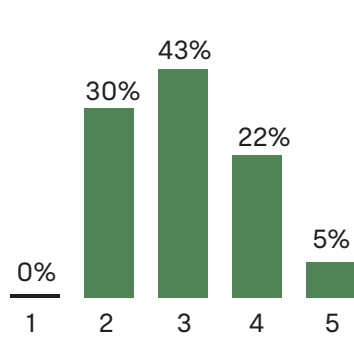
Others:

- Recruitment market for workers becoming more competitive - increased wages

Could you please rate Cambodia Garment, Footwear, Accessories and Travel Goods sector in SUSTAINABILITY(eniromental and social), in your opinion?

1= Low Standard / 5= high standdard

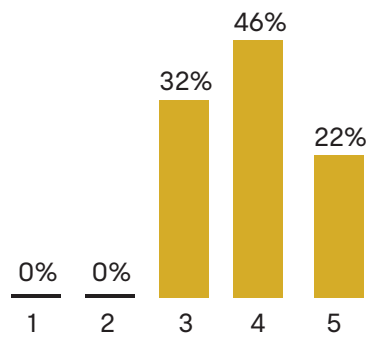
Score: 3



Could you please rate Vietnam Garment, Footwear, Accessories and Travel Goods sector in SUSTAINABILITY(eniromental and social), in your opinion?

1= Low Standard / 5= high standdard

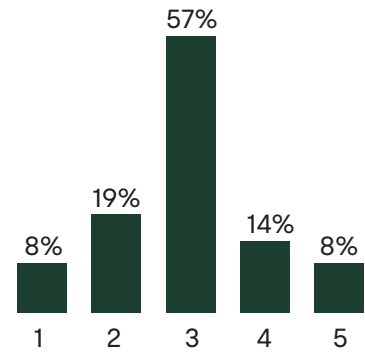
Score: 3.9



Could you please rate Bangladesh Garment, Footwear, Accessories and Travel Goods sector in SUSTAINABILITY(eniromental and social), in your opinion?

1= Low Standard / 5= high standdard

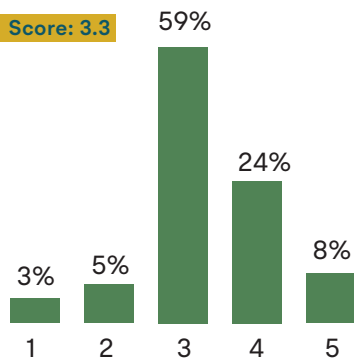
Score: 2.8



Could you please rate Cambodia Garment, Footwear, Accessories and Travel Goods sector in COMPETITIVITY(price, product availability, treatments, etc), in your opinion?

1= Low Standard / 5= high standdard

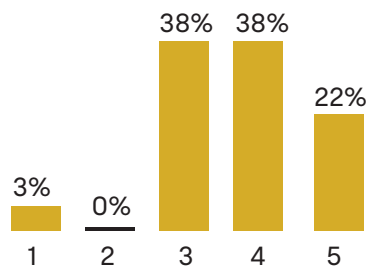
Score: 3.3



Could you please rate Vietnam Garment, Footwear, Accessories and Travel Goods sector in COMPETITIVITY(price, product availability, treatments, etc), in your opinion?

1= Low Standard / 5= high standdard

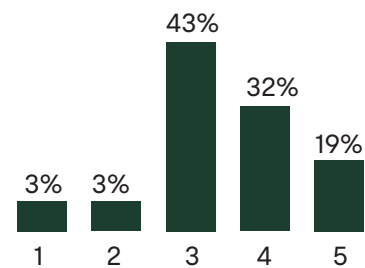
Score: 3.8



Could you please rate Bangladesh Garment, Footwear, Accessories and Travel Goods sector in COMPETITIVITY(price, product availability, treatments, etc), in your opinion?

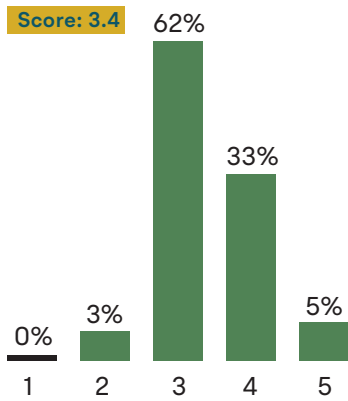
1= Low Standard / 5= high standdard

Score: 3.6



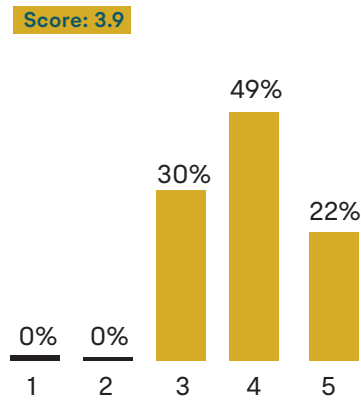
Could you please rate **Cambodia** Garment, Footwear, Accessories and Travel Goods sector in PERFORMANCE(leadtime,quality), in your opinion?

1= Low Standard / 5= high standard



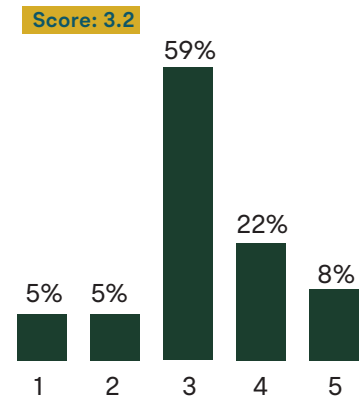
Could you please rate **Vietnam** Garment, Footwear, Accessories and Travel Goods sector in PERFORMANCE(leadtime,quality), in your opinion?

1= Low Standard / 5= high standard



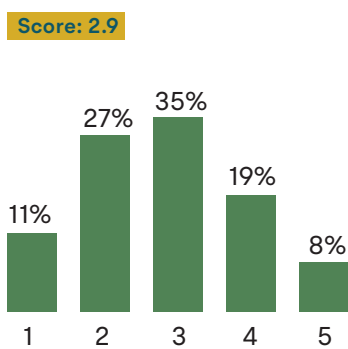
Could you please rate **Bangladesh** Garment, Footwear, Accessories and Travel Goods sector in PERFORMANCE(leadtime,quality), in your opinion?

1= Low Standard / 5= high standard



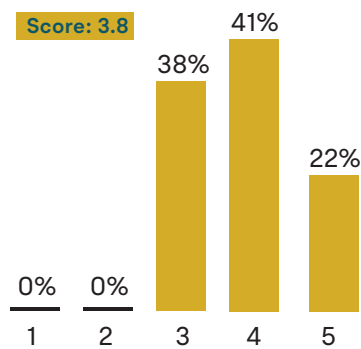
Could you please rate **Cambodia** Garment, Footwear, Accessories and Travel Goods sector in STRUCTURE(vertical integration,design service, organization, merchandising), in your opinion?

1= Low Standard / 5= high standard



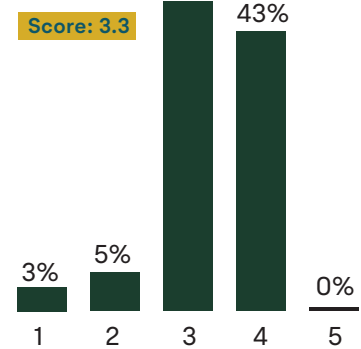
Could you please rate **Vietnam** Garment, Footwear, Accessories and Travel Goods sector in STRUCTURE(vertical integration,design service, organization, merchandising), in your opinion?

1= Low Standard / 5= high standard



Could you please rate **Bangladesh** Garment, Footwear, Accessories and Travel Goods sector in STRUCTURE(vertical integration,design service, organization, merchandising), in your opinion?

1= Low Standard / 5= high standard



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Endnotes