Are China's Apparel Imports a Growing Opportunity for Asian Developing Countries (ADCs)?

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Background: While China is known as the world's largest apparel exporter, the value of China's apparel *imports* more than doubled from 2013 to 2023, particularly from nearby Asian developing countries (ADCs) (UNComtrade, 2025). According to the stages of development theory, as its economy advances and production costs rise, China's apparel imports could continue to grow, potentially reshaping global textile and apparel trade patterns (Seram, 2016; Goto, 2024).

Existing studies have primarily focused on examining China's clothing exports and their competitiveness in the world market (Ye et al., 2022; Das et al., 2024). However, the patterns of China's apparel imports and the key driving factors remain largely unknown.

This study examined China's apparel imports from Asian developing countries (ADCs) using unique product-level data. Specifically, the study compared the similarities and differences in product assortment and pricing between "Made in China" clothing with imports from ADCs in China's retail market. The study's findings filled a critical research gap and significantly enhanced our understanding of the shifting pattern of "Made in China" and its evolving competitiveness in the market.

Literature review: The stage of development theory and existing studies suggest several theoretical patterns of China's apparel imports from ADCs. First, driven by China's rising wages and retailers' cost-saving motives, China's apparel imports from ADCs may focus on lower-cost items than those domestically made (Hossain & Van Baars, 2022; Dhar et al., 2023). Second, most ADCs are at an earlier stage of development than China, implying a more limited capacity to produce a wide range of textile raw materials and complex apparel categories (Chen et al., 2023; Goto, 2024). Therefore, China's clothing imports from ADCs likely consist mainly of basic fashion items in simpler product categories that contain a lower variety of fibers compared to those made domestically in China. Third, China's apparel imports from ADCs may also feature items using recycled or organic textile materials, as newly built garment factories with modern infrastructure in these regions often prioritize sustainability to meet the growing market demand (Lu, 2022).

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Methods: The data for the study were collected from EDITED, a leading fashion big data tool that offers unique product assortment and pricing information on clothing items for sale in the Chinese retail market at the Stock Keeping Unit (SKU) level (EDITED, 2025). Based on EDITED's latest available data, 8,000 SKUs of clothing items sold in China from January 2023 to December 2024 were randomly selected from the database. These samples included an equal split, with 4,000 SKUs from the seven largest ADC clothing suppliers to China from 2023 to 2024 (i.e., Vietnam, Bangladesh, Cambodia, Indonesia, India, Sri Lanka, and Pakistan) and another 4,000 SKUs labeled as "Made in China" (UNComtrade, 2025). The essential characteristics for each SKU were collected from EDITED, including design pattern, country of origin, product category, label description, fiber content, and pricing.

Given the research question and the categorical nature of the collected data, logistic regression was conducted to assess the similarities and differences between China's clothing imports from ADCs and those produced domestically in China (Lever et al., 2016). The model used "*Region*" as the dependent variable (i.e., made by an ADC country=1; made by China=0). The independent variables included:

- *Market*: Value and mass segment =1; Luxury and premium segment =0;
- *Price*: priced higher than the market average for the same category =1; otherwise =0;
- *Variety*: an item offering five or more color and sizing choices =1; otherwise =0;
- *Womenswear*: 1=yes; 0=otherwise;
- *Plain*: if an item did not use any design patterns, such as graphics and florals=1; otherwise =0
- Seven variables measured whether an item was in a specific product category, including T-shirts, tops (except T-shirts), bottoms, dresses, outerwear, underwear, and swimwear, with 1=yes and 0=no;
- Eight variables measured whether an item contained a specific fiber type including cotton, polyester, nylon, rayon, linen, wool, spandex, and viscose, with 1=yes and 0=no;
- *Recycled and Organic* were the two variables used to measure whether a clothing item contained specific sustainable materials, with 1 = yes and 0 = no;

Results and discussions: The logistic regression was statistically significant at the 99% confidence level (likelihood ratio (L.R.) statistics =9351.81, $p<.01$). The logistic model accurately classified 69% of cases, demonstrating a high level of consistency (Menard, 2010). Specifically, first, while China's apparel imports from ADCs were statistically 1.5 times more likely to be lower priced than those made domestically (Wald=51.95, $p<.01$), no statistical evidence indicated that ADCs-made apparel

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primarily targeted value or mass segments in China (Wald =0.227, *p*=.634). Second, consistent with theoretical predictions, China's apparel imports from ADCs appear to focus on basic fashion items with a limited assortment—they were statistically 78.8% more likely to feature a plain style (Wald=19.96, *p*<.001) than those "Made in China," but 41.1% less likely to be fashion-oriented womenswear (Wald =222.55, *p<.01*) and 48.8% less likely to include five or more sizing and color options (Wald =0.718, *p<.01*). Third, revealing a more advanced apparel manufacturing capability than previous studies suggested, there was no statistically significant difference in product categories between China's apparel imports from ADCs and those made domestically ($p > 0.5$). However, due to a more limited textile manufacturing capability, ADCs-made apparel statistically were less likely to contain a variety of fibers, including cotton, wool, and spandex. However, China's apparel imports from ADCs were statistically about 2.4 times more likely to use sustainable textiles compared to those made domestically in China, including organic (Wald = 38.36, $p < .01$) and recycled materials (Wald = 31.43, $p < .01$).

Implications and future research agenda: The study's findings offered valuable new insights into the patterns of China's apparel imports and suggested that China has become an emerging export opportunity for ADCs, particularly for lower-cost basic fashion items. However, the findings also show that apparel made by ADCs and those produced domestically in China somehow compete, particularly in strategic areas such as products utilizing sustainable fibers, where ADC-made products seem even more prominent in the market. Furthermore, the findings challenged the common misperception that ADCs could only produce simple apparel products (USITC, 2024; Goto, 2024). Future research could involve interviews or surveys with apparel retailers in China to explore the key factors influencing their decisions to import apparel from ADCs. Additional research could also assess the impact of China's trade policy, including its regional trade agreements and the "Belt and Road Initiative" on its apparel imports from ADCs and developing countries in other world regions (Ho et al., 2024).

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