

Threads of Transformation: Prerequisites and Sustainable Economic Strategies for T&A-Catalyzed Industrialization in Emerging Nations

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Abstract. This paper examines the prerequisite conditions necessary for the textile and apparel (T&A) sector to catalyze industrialization and economic growth in emerging nations. Despite the simplicity of entry into the sector, characterized by its labor-intensive nature, minimal capital requirements, and limited technological expertise, its ability to sustain economic growth hinges on development past critical economic prerequisites. The central thesis argues that emerging nations must transition beyond rudimentary participation in global value chains (GVCs) to adopt economic development strategies in labor, infrastructure, capital, and trade that cultivate intrinsic value and sustain economic success. The four essential prerequisites are labor abundance and integration into GVCs, infrastructural investment, access to capital, and export-import trade policies. This paper explores how these economic fundamentals can develop into long-term growth drivers through human capital development, infrastructure investment and agglomeration economies, financial deepening, and trade diversification. Drawing on key economic models—including the Lewis Dual-Sector Model, Solow Growth Model, Heckscher-Ohlin Model, Marshallian externalities model, and Ricardian Trade Model—as well as case studies from emerging T&A markets and T&A-industrialized global superpowers, the paper underscores the role of industrial policy in fostering value-added production, innovation, and mitigating risks inherent to low-value manufacturing. Ultimately, this paper advocates for a shift from a "bare minimum" approach towards a value-driven economic strategy that supports competitive, self-sustaining T&A industries in emerging nations.

Keywords: Emerging nations, sustainable economic growth, textile and apparel sector, global value chains, industrialization.

1. Introduction

The textile and apparel (T&A) sector's connection as a catalyst for industrialization has become increasingly clear in a world where global value chains (GVCs) dominate economic activity. Industrialization through the T&A sector drives nations' integration into the global economy and elevates their international relevance.

This trend is particularly evident among many South and Southeast Asian and Latin American countries—namely, emerging nations [1]. These developing countries have leveraged the T&A industry as a pathway to increased manufactured exports and foreign exchange earnings. Bangladesh, for instance, has grown into the world's second-largest garment exporter, generating \$42.6 billion annually in export revenue—80% of all annual export earnings achieved by the country—and employing 75% of the nation's manufacturing industry [2, 3]. Similarly, Vietnam has become a global manufacturing hub, with its textile exports accounting for \$40 billion annually, fueled by government investment in trade agreements and infrastructure [4]. Ethiopia, though still in the nascent stages, has attracted significant foreign direct investment (FDI) to its growing T&A sector and sustainability-spotlighted industrial parks, positioning itself as a new player in GVCs [5]. In aggregate, emerging nations have accumulated more than half of global textile exports [6].

These emerging nations follow a historical trajectory of elevating the T&A sector as a vehicle for early stage industrialization established by many of the 21st-century's global superpowers, namely the United States, China, United Kingdom, and South Korea. In the mid-20th century, South Korea transitioned from a predominantly agrarian economy to an industrial powerhouse by focusing on textile manufacturing as its initial export driver [7]. Similarly China, which accounts for over 30% of

global apparel exports in the status quo, began its rise to economic superpower status by capitalizing on the low-cost production of textiles during its economic reforms in the 1980s and 1990s [8, 9]. These examples demonstrate how the T&A sector has consistently served as a steppingstone for nations to achieve economic transformation and integration into the global economy.

The success of the T&A sector's role as a springboard for industrialization lies in the simplicity of entry into the sector. As a leading, labor-intensive manufacturing sector that requires relatively little capital investment or technological expertise, the T&A industry is often thought to be the first base in a country's economic development. This nature allows nations to capitalize on their, commonly, comparative advantage in low-cost labor and unrestrained natural resources. The T&A sector is also attractive for early-stage industrialization due to its ability to generate significant export revenue, a crucial factor for countries that need to boost their foreign exchange earnings. Moreover, demand for T&A commodities is income inelastic, implying that the sector is uncapped by demand, so nations are able to scale their production and export capacities over time [1].

The idealized effects of the T&A sector as the initial boom for improved economic growth in emerging economies are multifaceted, with both significant economic and social benefits. The most immediate advance is human mobility, specifically among low-income groups and women, from rural to urban areas, both raising household incomes and leading to enhanced capital mobility in the economy [10]. Ultimately, this shift strengthens the overall dynamism of the economy. Growth in the T&A sector, often dominated by female workers, also plays a critical role in promoting gender equality by empowering women to seek financial independence [11]. The effect ripples to broader socio-economic implications, including national improvements in education, health, and family stability. At the macro scale, once export growth begins in the T&A sectors, this growth will generate development spillovers and other steps in economic development follow [12]. Moreover, the T&A sector helps integrate emerging nations into the global economy by establishing trade relations in international markets, allowing these countries to gain access to global supply chains (SCs), technological advancements, and FDI—providing a foundation for further industrialization and economic diversification [6].

While the T&A sector can provide an initial boom in industrialization, reliance on the sector without addressing structural challenges undermines sustained economic growth. The bare prerequisites for T&A development—abundant and cost-competitive labor, access to minimal infrastructure, baseline access to loans, access to international export markets—can drive initial economic growth but fail to ensure sustained industrialization. For instance, Bangladesh leveraged low labor costs to become a global leader in garment exports but faced setbacks due to inadequate investment in safety and infrastructure, exemplified by the 2013 Rana Plaza collapse, which weakened its export position [13]. Similarly, Cambodia's dependency on trade agreements left its T&A sector exposed when European Union preferences were partially withdrawn in 2020, highlighting the risks of insufficient diversification and value-added production [14]. These cases underscore the necessity of moving beyond the minimal conditions required to use the T&A sector as a vehicle for economic growth, and instead establish sustainable mechanisms for sustained economic growth.

Considering the contributions made by the T&A sector to early-stage industrialization and economic growth, the present study is motivated to investigate the developed economic prerequisites required to leverage the sector as an effective tool for sustained economic development. Specifically, it analyzes the minimal resources and economic conditions necessary to establish an expansive T&A industry, the concerns of the bare minimum, an economic pathway to sustained economic development backed by economic theory and historical case studies of success, and a global diagnostic of nations in the status quo in need of such sustainable economic transformation. This paper will explore four prerequisites under the structure: labor and GVCs, infrastructure, capital, and trade policies. Through this analysis, the paper aims to provide actionable insights into maximizing the T&A sector's potential as a catalyst for sustained industrial growth and global integration.

2. Prerequisites for T&A-Driven Industrialization

2.1. Labor and Integration into GVCs

2.1.1. Minimum Prerequisite

For emerging economies to establish a competitive T&A sector, two foundational prerequisites must be met: a large, cost-competitive labor pool and integration into GVCs. Given the labor-intensive entry point of this industry, substantial workforce participation is required. Countries with a large labor pool can lean into their comparative advantage of low-cost labor, driving down production costs, thus enhancing their global market competitiveness [15]. The Heckscher-Ohlin Model posits that nations with surplus labor, commonly found in developing countries, will have a comparative advantage in labor-intensive industries like the T&A industry, fostering initial economic growth through export-led industrialization [16].

This process is characterized by the Lewis Dual-Sector Model, by which surplus labor from rural sectors shifts to the urban industrial sectors, fostering productivity increase and urbanization. This process contributes to the structural transformation of the economy as low-wage workers gradually become the backbone of industrial output. This initial focus on low-skill, labor-intensive work lays the foundation for future economic diversification [17]. For instance, China's industrialization process starting from the 1980s capitalized on the migration of rural labor into industrial cities, with a focus on manufacturing low-cost goods for Western enterprises who outsourced their production due to the labor cost advantages. By tapping into its vast labor pool, China became the world's leading producer of textiles, with Shenzhen and Guangzhou developing into global hubs for textile production [18].

2.1.2. Concerns of the Bare Minimum For Sustained Economic Growth

While labor abundance provides an initial competitive edge, overreliance on low-wage, low-skill labor presents significant drawbacks for sustained economic growth.

Dependency on foreign buyers for high-skill tasks—such as design, branding, and market access—prevents firms in emerging nations from establishing personal competitive edge and limits their capability to capture a significant share of the value-added in the global SC [7, 19].

Dependency on low-margin roles also exposes these emerging economies to global market shocks—namely price fluctuations, tariffs, and SC disruptions. These shocks can significantly impact countries that are deeply entrenched in GVCs but lack control over high-value aspects of productions. By way of the COVID-19 pandemic, many companies, to which low-cost garment manufacturers source to, experienced production halts as global demand plummeted. As a result, T&A factories in emerging nations closed down, particularly in Bangladesh, India, Mexico, and Pakistan [20]. These trends are seen in Figure 1, which views the downward trend in industrial production as a result of the COVID-19 Pandemic starting in March 2020.

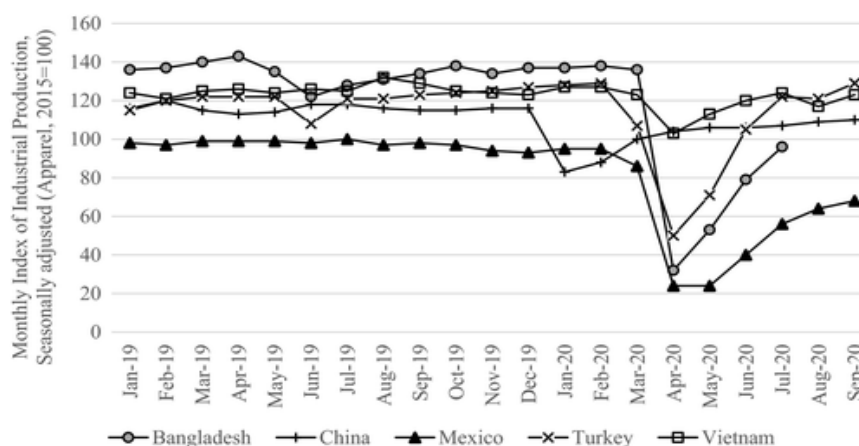


Fig. 1 Apparel production in Bangladesh, China, Mexico, Turkey, and Vietnam during the COVID-19 Pandemic starting in March 2020 [20].

Additionally, overreliance on low-skill labor leads to stagnation, in which the workforce is stuck in repetitive low-wage jobs with minimal opportunity for skill development. Namely, workers in Bangladesh often face unsafe working conditions, poor wages, and a lack of upward mobility, thus fueling social unrest. Strikes and protests, such as those seen in Bangladesh's T&A sector frequently occur as workers demand higher wages and safer working conditions. The lack of investment in worker upskilling fuels these tensions, leading to long-term workforce instability [21].

2.1.3. Developing Sustainably

For emerging nations to build an economically sustainable T&A sector that drives nation-wide industrialization, they must strategically upgrade their role in GVCs from low-value, labor-intensive tasks to higher-value capacities in design, branding, marketing, and product innovation. The sector should invest in technical and vocational skill development programs to transition workers from low-skill roles to high-value roles. Upgrading also increases productivity and wages, raising the overall economic standard within the sector. The sector should also incubate indigenous brands to retain more value locally, diffusing their dependency on foreign buyers for essential aspects of the value chain. Ultimately, as the T&A sector makes a transition from Original Equipment Manufacture to Own Design Manufacture to Own Brand Manufacture, industrialization will occur throughout the nation [7].

Japan's transition in the 1970s illustrates a successful evolution from low-cost production to leadership in the GVC of the T&A industry. The nation, initially an assembly-based manufacturer for Western brands, began to mechanize textile production, introducing advanced spinning and weaving technologies that increased efficiency and product quality [7]. As Japan's industrial base expanded in the 1970s, the T&A sector began to focus on design and innovation with brands like Uniqlo [22]. Japan's T&A sector also became an incubator for higher-value industries such as electronics and automotive manufacturing. The industrial centers of Osaka and Gifu evolved from textile hubs into innovation-driven economies, spearheading Japan's rise as a technological powerhouse. Their shift up the GVC pushed Japan to become a well-established global fashion leader with a domestic SC capable of capturing significant value from a new high-value workforce as well as a technological leader through T&A incubation [23].

2.1.4. At-Risk Countries in the Status Quo

Despite significant progress in becoming an established garment exporter, Vietnam still faces significant barriers in upgrading its role within GVCs. The nation's T&A sector remains dependent on foreign buyers for design, branding, and market access, bottlenecking its ability to capture a more substantial share of the value chain [24]. A key halter is Vietnam's reliance on imported raw materials and fabrics—\$2.14 billion of cotton and \$1.64 billion of textile fiber are imported annually from North American and African nations—hindering its ability to establish upstream independence and capture greater value locally [25].

Ethiopia, in contrast, represents a different issue of skill stagnation: workforce unrest. The nation's industrial parks, such as the Hawassa Industrial Park, remain heavily reliant on basic garment assembly with minimal local input on high-value production stages. The workforce, while abundant, lacks technical skills and training necessary to transition to higher value-added activities within GVCs [26]. The dependence on low wages has resulted in widespread labor unrest, with workers frequently protesting against poor working conditions and low pay, as seen in strikes at the industrial cluster [27]. Sparse investment in workforce upskilling, technology adoption, and indigenous brand development puts Ethiopia at risk of becoming locked into a perpetual cycle of low-value manufacturing with limited economic spillover effects.

2.2. Infrastructure

2.2.1. Minimum Prerequisite

Basic infrastructure access, facilitating movement of goods, production, and integration into global markets is a prerequisite for emerging nations who hope to establish a T&A sector expansive enough

to catalyze industrialization. At a minimum, three types of infrastructure are essential to establish a T&A sector: transportation networks, energy availability, and communication systems [7].

First, transportation networks, consisting of roads, railways, and ports are necessary to connect production centers to export hubs and global markets. These networks enable the movement of raw materials to factories for production and finished goods to ports for export [7].

Second, available power is necessary for production—preferably reliable power allowing for uninterrupted production. Factories rely on consistent electricity to run machinery and maintain SC schedules [28].

Third, basic telecommunication systems, internet and phone networks, ensure coordination within SCs and with international buyers. Real-time updates, inventory management, and order processing, facilitated by communication facilities, are critical for maintaining competitiveness in the fast-paced T&A industry [29].

2.2.2. Concerns of the Bare Minimum For Sustained Economic Growth

Stagnating at basic infrastructure presents several hindrances to economic growth and sector competitiveness.

A pressing issue for T&A sectors is inefficiency in transportation and port systems. Without a reliable road network or functioning ports, movement of goods between factories and global markets slows, increasing transaction costs, delaying deliveries, and diminishing buyer-supplier reliability, ultimately, making goods more costly [7].

Unreliable energy supply similarly hinders sector operations. Poor electrical infrastructure, resulting in power outages, force factories to stop production or rely on expensive backup systems, oftentimes, generators [30]. These interruptions increase the cost of production, extend lead times, and reduce ability to meet market demands [28]. Ultimately, profit margins are eroded, causing these nations to lose their comparative advantage.

Further compounding issues of inadequate infrastructure is environmental degradation. Overreliance on nonrenewable energy sources, such as coal-fired power plants, and the unsustainable extraction of natural resources, like groundwater—which commonly occurs with a lack of investment in upgrading infrastructure and infrastructural technologies—can create long-term environmental and social vulnerabilities. The negative externalities of pollution and resource depletion harm both the ecosystem and impose hidden costs on the economy. In emerging nations, these costs typically manifest in reduced worker productivity, resource quality, and regulatory penalties that lower the overall efficiency of the industry [31].

These disruptions contribute to long-term economic stagnation in low-income countries as industries face higher operational costs, the sector's growth potential is diminished. Resources that could be invested in expanding sector capacity or upgrading technology are instead diverted to mitigating these inefficiencies.

These inefficiencies also create a barrier to scale as firms are unable to capitalize on agglomeration economies, or industrial clusters. Posited in the Marshallian externalities model, concentration of firms within a region creates knowledge spillovers, reduces transportation costs, and creates specialized labor markets [32]. When infrastructure, beyond basic development, is lacking, firms remain isolated and are unable to tap into the collective benefits and the industry cannot scale to a level required for global competitiveness. More specifically, this lack of concentration prevents the industry from moving beyond low-value work of manufacturing and assembly, stifling the development of higher value-added activities

2.2.3. Developing Sustainably

To establish a streamlined and value-added T&A sector that emerging nations can rely on for long-term industrialization, investments in infrastructure must focus on three main pillars: logistical efficiency, environmental sustainability, and agglomeration economies.

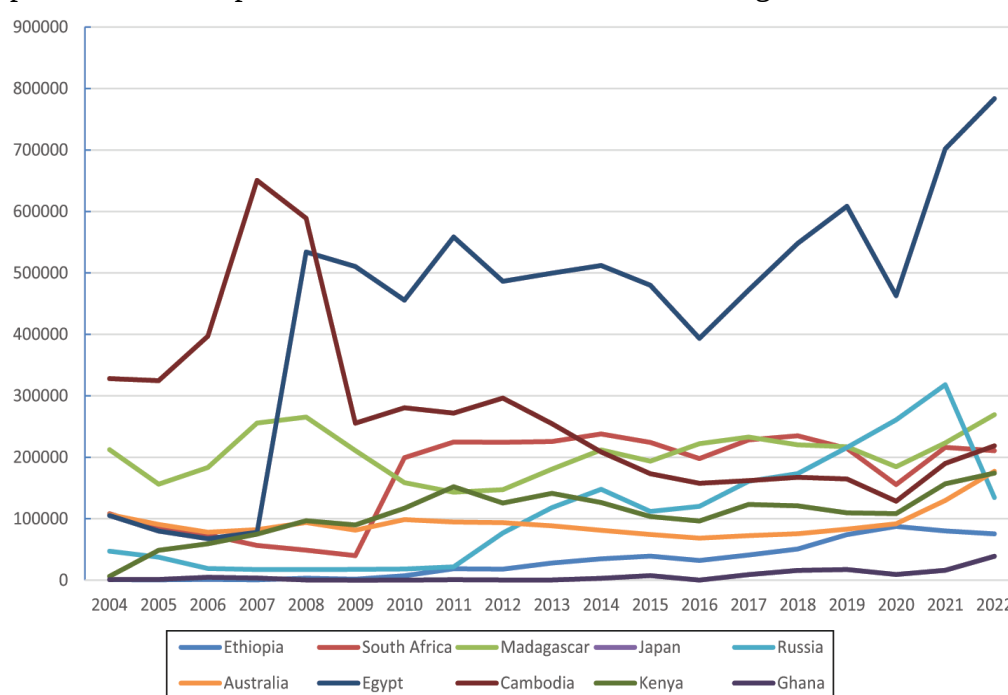
Developing logistics infrastructure enables nations to increase cost-competitiveness through streamlined operations and to transition from low-value manufacturing to higher-value apparel design,

branding, and the production of higher-quality textiles [7]. Ports, roads, and transportation networks that reduce shipping times and accommodate larger vessels streamline export logistics, effectively lowering transaction costs for firms, providing greater returns, and, thus, facilitate GVC upgrading.

T&A infrastructure based on renewable energy sources and environment-conscious production ultimately reduces operational costs and minimizes environmental impacts that later manifest in economic benefits. By investing early in renewable energy and waste-to-energy systems, factories can reduce their reliance on increasingly expensive conventional energy sources, thus lowering production costs in the long term [31]. As the rising generation of consumers become increasingly eco-conscious, enterprises and their suppliers must shift to meet this demand by turning to more ethical sourcing and operations [33]. Such investments not only align with the global sustainability agenda but also meet the increasing environmental standards set by international buyers. This allows manufacturers who adopt these sustainable practices to attract high-quality FDI and better integrate into GVCs.

Moreover, the development of industrial clusters is crucial for fostering economies of scale and increasing sector productivity. As explained in the previous section with the Marshallian model, clusters enhance long-term sector resilience and innovation through improved knowledge spillovers [32].

Ethiopia Hawassa Industrial Park exemplifies the effects of targeted infrastructure investment. Employing 25,000 workers and having a strong emphasis on eco-friendly practices, has become a cornerstone for Ethiopia's T&A sector [34]. The nation's annual apparel exports rose from \$145 million in 2017 to \$250 million by 2022, since the park's establishment in 2016, signaling the potential for growth when infrastructure is aligned with industrial strategy [35]. Ethiopia's upward trend in export of T&A compared to other nations is shown below Figure 2.



Source: The study computation based on ITC data (2004-2022)

Fig. 2 Trend of export of T&A for Ethiopia and other nations (in value of USD thousand) [36].

2.2.4. At-Risk Countries in the Status Quo

In Kenya, infrastructure deficits hinder industrial development in the T&A sector. Poor road connectivity between cotton-producing areas and urban garment factories adds significant costs and delays to the SC, detrimental to the sector's global competitiveness in an industry that prioritizes expediency. Kenya's unreliable electricity grid forces manufacturers to rely on expensive generators, similarly pushing up operational costs and reducing profit margins [37].

Similar to Kenya, Bangladesh faces significant infrastructure bottlenecks—namely poor transportation infrastructure—that add substantial cost burdens and limit its economic growth potential. Additionally, congestion at Chittagong Port—which handles 80% of the country's external trade—leads to delayed shipments, diminishing the reliability of Bangladeshi SCs and further inflating logistical costs [38]. These persistent infrastructure challenges keep the country stuck in low-margin roles within GVCs, preventing further economic diversification and long-term sectoral growth.

2.3. Capital

2.3.1. Minimum Prerequisite

Access to fundamental capital is a prerequisite to establish a T&A sector of industrial capacity. At the minimum, this involves securing basic loans or FDI to cover the initial costs of setting up manufacturing operations—including purchasing machinery, securing raw materials, and establishing basic production infrastructure [7]. In many developing economies, the T&A sector depends on both local and external sources of funding but focuses mostly on local funding due to availability. Domestic financing systems, which include local commercial banks, microfinance institutions, and digital financial platforms, are critical for scaling businesses and ensuring ongoing investment in technology, infrastructure, and innovation.

2.3.2. Concerns of the Bare Minimum For Sustained Economic Growth

At the core of a lack of additional capital is the inability to scale operations. Without sufficient funding, T&A businesses are unable to invest in expanding their production capacity or upgrading their technologies, thus reducing operational efficacy and product quality. By the Solow Growth Model, capital limitations in the T&A sector reduce firms' ability to achieve capital deepening. Without sufficient investment in both physical and human capital, the sector fails to achieve productivity gains resultant of higher capital per worker. Instead, firms remain stuck in a low-value, low-productivity equilibrium, perpetuating dependence on external markets for basic goods [39].

A concern that often arises among emerging economies is an overreliance on external loans—especially in the absence of clear, sustainable repayment plans—due to the limited access to long-term, affordable capital resulting from underdeveloped domestic financial systems. This overreliance creates debt traps that hinder firms' ability to invest in growth as they must allocate a significant portion of capital resources to servicing debt rather than reinvesting in the business. This creates a cycle of financial instability, where firms cannot grow or innovate, further entrenching them in low-value production roles within the GVC. This issue is compounded by high-interest rates and short repayment periods common in developing economies [40].

Limited T&A sector access to capital disproportionately affects marginalized groups, particularly women, who are often excluded from formal financial systems. In developing countries, women entrepreneurs in the T&A sector often face barriers to accessing loans due to discriminatory lending or cultural practices that limit their financial autonomy [41]. The exclusion of women from capital markets not only limits their personal economic opportunities but also excludes half of potential entrepreneurial talent, limiting the overall growth potential of the sector. The bare minimum of capital access in the T&A sector not only stifles growth but also perpetuates inequality, ultimately undermining the sector's long-term sustainability.

2.3.3. Developing Sustainably

Diversifying capital is critical for long-term sustainability and growth of the T&A sector. Alternative financing options, such as venture capital, equity markets, and digital financial platforms, allow T&A firms to gain access to larger amounts of capital, essential for upgrading technology, expanding production, and increasing market reach. Venture capital, in particular, allows businesses to scale rapidly by providing both funds and strategic expertise [42]. On the other hand, long-term, low-costing financing through equity markets enables businesses to raise capital for expansion without incurring debt [43]. From a different standpoint, digital financial platforms, such as mobile

banking and crowdfunding, have expanded access to finance by making capital more accessible to smaller entrepreneurs who traditionally lack access to formal banking systems [44].

Expanding access to capital for marginalized groups is crucial for fostering inclusive, optimized economic growth in the T&A sector. Access to capital can become more inclusive through gender-specific financing programs, such as low-interest loans or grants for women entrepreneurs. Focus initiatives are necessary in many developing nations where gender inequality is embedded into social and economic structures [45].

In India's T&A sector, particularly after the 1990s liberalization, sustainable economic development through strategic capital allocation can be seen. Access to venture capital and government-backed programs helped firms modernize machinery, helping the sector transition from a predominantly low-cost producer to a more advantageous manufacturing processes and higher value-added activities [46]. Additionally, the Self-Employed Women's Association, which offers microfinance and support to women entrepreneurs, helped women in India's T&A sector start and scale businesses, creating a significant ripple effect on the broader industry [47].

2.3.4. At-Risk Countries in the Status Quo

In Kenya, digital finance platforms like M-Pesa have increased financial access to small-scale capital for individuals and micro-entrepreneurs. While these platforms address immediate financing needs, they fall short of meeting the substantial investment requirements for large-scale T&A projects [48]. The lack of significant FDI further exacerbates this issue, leaving Kenya's T&A sector unable to expand production capacity, modernize facilities, or participate in more lucrative segments of the GVC [49].

2.4. Trade

2.4.1. Minimum Prerequisite

The minimum prerequisite necessary to establish a viable T&A sector of notable scale is ensuring access to international markets through trade agreements and policy frameworks. Such agreements enable emerging T&A sectors to tap into larger consumer pools, driving the demand necessary to support sector growth. Agreements like the Generalized System of Preferences (GSP) provide developing nations with tariff-free or reduced-tariff access to major economies, creating a critical foothold for exports by granting competitive pricing advantages. This allows sectors in emerging nations to compete on price even when production costs are higher due to cost disadvantages resulting from infrastructure inefficiencies or limited economies of scale [50].

2.4.2. Concerns of the Bare Minimum For Sustained Economic Growth

Overreliance on preferential treatment in GSP agreements fosters dependency on external trade policies rather than building intrinsic competitiveness, creating structural vulnerabilities. When partner nations withdraw benefits, developing countries face sudden revenue declines without alternative markets or diversified production viable to compete in. Such dependency undermines the autonomy of emerging economies in trade negotiations, forcing them to accept subpar terms and placing these nations at an ultimate disadvantage to their industrial development [51].

On the other end of the trade chain are imports. Nations reliant on a narrow range of exports often depend heavily on imported raw materials, creating a value-chain bottleneck that diminishes trade surpluses. This dependency not only erodes economic gains but also increases vulnerability to global SC disruptions [16].

Shifting trade policies and protectionism exacerbate these risks. The U.S.-China trade war, for instance, reveals the vulnerability of smaller T&A-exporting nations caught in geopolitical crossfires, as tariffs on Chinese goods disrupted SCs and redirected trade flows [52]. Such volatility underscores the need for structural trade reforms, diversification of export markets, and the development of domestic input industries to shield emerging economies from external shocks.

2.4.3. Developing Sustainably

Emerging nations must move beyond relying solely on preferential trade agreements and instead focus on intrinsic development and diversifying trade partnerships; nations should prioritize negotiating reciprocal trade agreements that foster long-term partnerships rather than relying on unilateral preferences. This approach aligns with the Ricardian Trade Model, which suggests that countries benefit from specializing in sectors where they have a comparative advantage. By forming trade alliances with multiple regions, developing countries can leverage their comparative advantage in the T&A sector across diverse markets. This efficiently reduces over-dependence on a single trade bloc and mitigates risks of sudden policy changes, tariff impositions, or demand shocks from key partners [53].

On the other end of the trade spectrum, developing domestic SCs for raw materials is a critical strategy for enhancing sustainability. The Heckscher-Ohlin Model, as previously discussed in this paper, emphasizes that countries should export goods based on locally available raw materials and labor, while minimizing reliance on scarce, frequently imported inputs. This approach stabilizes the sector's SC disruption risks, improves trade balances, and ensures a steady, cost-effective supply of essential inputs. Domestic sourcing and production also create additional jobs and stimulates local economies, contributing to broader industrialization [16].

One previously emerging nation exemplifies this success: China. China, following its accession to the World Trade Organization in 2001, diversified its trade partnerships and developed robust domestic SCs, particularly in cotton and synthetic fibers [54]. By investing heavily in infrastructure, labor, and raw material production, China reduced its reliance on imported textiles and positioned itself as the world's largest T&A exporter. The nation's trade agreements with multiple regions, including free trade agreements with the EU and ASEAN, secured preferential access to numerous markets, reducing its dependency on any single bloc [55].

2.4.4. At-Risk Countries in the Status Quo

Kenya's T&A sector has benefited from the African Growth and Opportunity Act (AGOA), which grants duty-free access to the U.S. market for eligible goods. However, the nation's reliance on the AGOA's benefits are contingent on maintaining specific criteria, such as labor and environmental standards [56]. Yet the sector faces persistent challenges in meeting international labor standards, particularly regarding workers' rights and working conditions [57]. This makes the sector susceptible to shifts in U.S. policy, restricting reliable, long-term economic growth.

In Bangladesh, the T&A industry has long relied on the GSP to access European and U.S. markets tariff-free. However, recent labor rights concerns, particularly following the 2013 Rana Plaza disaster, have prompted countries like the EU to reconsider or withdraw GSP benefits. Despite efforts to explore alternative trade agreements and improving workplace conditions, the withdrawal of GSP benefits could severely impact Bangladesh's ability to maintain its competitive edge in global markets, underscoring the importance of diversifying trade relationships and investing in domestic improvements to sustain its export-driven T&A industry [58].

3. Conclusion

In concluding analysis, the T&A sector has proven to be a powerful catalyst for economic growth and industrialization in emerging nations, but its potential remains contingent on meeting foundational economic prerequisites and transitioning beyond the minimum. From labor and infrastructure to capital and trade, these prerequisites serve as the bedrock for leveraging fashion as a tool for growth. However, relying solely on these minimum conditions risks stagnation and exploitation, hindering long-term economic sustainability.

Firstly, continued reliance on low-cost labor presents risks of economic stagnation, social unrest, and vulnerability to market shocks. Secondly, these risks underscore the need for strategic upgrades toward higher-value activities to achieve sustainable industrial growth. Sustainable growth in the

T&A sector necessitates infrastructure upgrades focused on efficiency, environmental sustainability, and industrial clustering. Thirdly, diversified capital through venture capital, equity markets, and inclusive financial initiatives is necessary for long-term economic stability. Fourthly, overreliance on preferential treatment and vulnerabilities from shifting trade policies necessitates the diversification of trade partnerships and the development of domestic SCs.

The psychology of moving beyond the "bare minimum" mindset is crucial for developing a sustainable and self-sufficient fashion industry. Establishing a sustained T&A industry requires emerging nations to invest in skill development, infrastructure modernization, diversified financing, and inclusive trade policies. The transition up the GVC, from low-wage, low-skill production to higher value-added activities and industries is essential. Historical examples, such as China, highlight how strategic investments in education, infrastructure, and trade agreements can transform emerging markets into global fashion hubs.

Looking forward, the integration of automation, digital fashion, and climate-conscious practices will further reshape the global fashion landscape. These innovations offer both opportunities and challenges for emerging markets. By navigating these complexities and advancing beyond the "bare minimum," nations can build a resilient, sustainable fashion industry that supports long-term economic development, transforms labor markets, and promotes inclusive growth.

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