

## Rising costs, uneven demand crimping US clothing imports



*Apparel and footwear imports have grown at a compound annual rate of just 0.1% since 2020. Photo credit: gabriel12 / Shutterstock.com.*

[Ari Ashe, Senior Editor, Intermodal Rail](#) | Apr 16, 2026, 12:38 PM EDT

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Clothing retailers and brands will likely remain cautious in their ordering this year amid still-rising costs and uneven consumer demand that reflects a “K-shaped” US economy.

US apparel and footwear imports fell 7.2% year over year in the first two months of 2026 after a 2.4% decline in 2025, according to PIERS, a sister product of the *Journal of Commerce* within S&P Global, as the industry worked through inventory corrections. Last year’s decline brought the five-year annual compound growth rate for the sector

down to just 0.1%, a figure that underscores a lack of sustained demand growth since the COVID-19 pandemic.

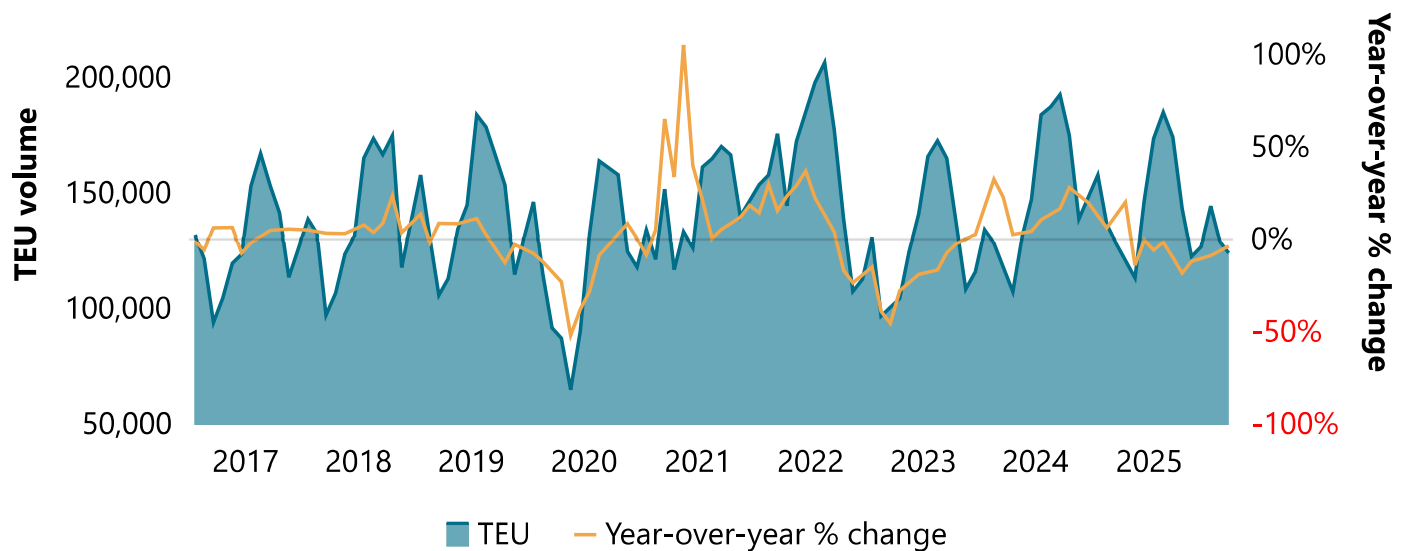
In recent earnings calls, executives from across the sector said inventory is largely balanced, but sales remain inconsistent, with higher-income consumers continuing to spend while middle- and lower-income households pull back — what economists call the “K-shaped” economy. As a result, premium brands and retailers are performing relatively well, while some mid-market players targeting cost-conscious consumers are under intense pressure.

Deckers Brands, for example, reported continued strength in its UGG and HOKA franchises, selling those shoes at full price. By contrast, Nike said it is still working through inventory challenges in North America, resorting to promotions and other discounts to draw down unsold stock.

## Apparel imports fall for eighth straight month in February

Containerized US apparel and footwear imports, in laden TEUs, with year-over-year percentage change

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Source: PIERS, S&P Global

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“You can’t just sit there and say, ‘Everything’s great,’” Nike CEO Elliott Hill told employees following the company’s earnings call, according to a report from Bloomberg News, emphasizing the need for a more candid assessment of business conditions.

A similar dynamic is playing out in the apparel sector.

Luxury brand Ralph Lauren reported strong demand for its products sold at full prices. VF Corporation, however, reported weakness in sales of Vans apparel and shoes, requiring more promotions, while children’s clothing designer and retailer Carter’s said it would institute “disciplined cost controls” to combat higher tariff costs and margin compression.

### **Rising costs, changing sourcing**

The prospect of rising costs for raw materials and transportation — due largely to the war in the Middle East — will further erode margins for struggling companies such as VF Corp. and Carter’s.

Clothing manufacturers rely on petroleum-based textiles, including polyester, nylon and spandex, and they typically only hold six to eight weeks of inventory, according to the American Apparel and Footwear Association (AAFA). The ongoing closure of the Strait of Hormuz, blocked to virtually all commercial shipping traffic since the war began on Feb. 28, has increased the price of those raw materials, as well as the cost of bunker fuel.

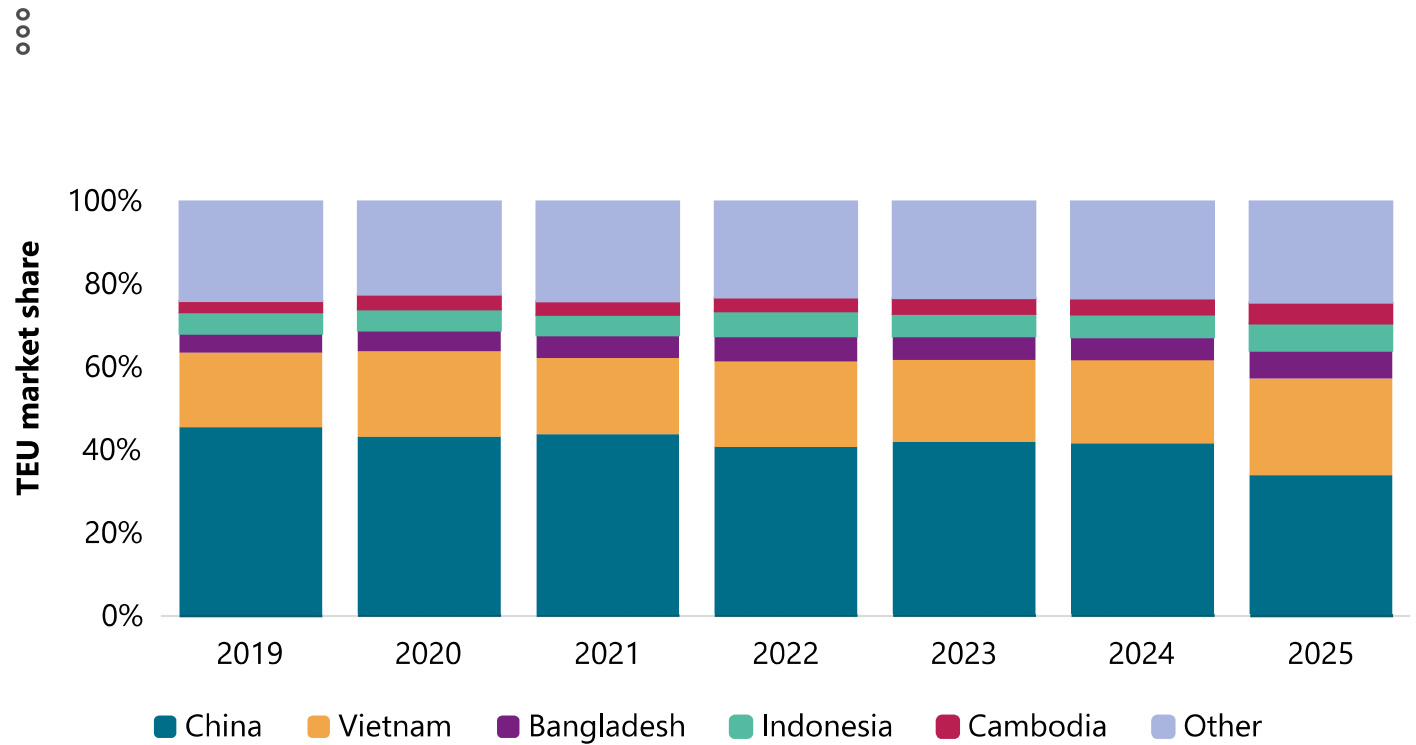
“If this situation in Iran — or the knock-on effects thereof — last six months to a year, then we’re talking about broader supply chain impacts,” AAFA Executive Vice President Nate Herman told the *Journal of Commerce*.

At the same time, higher gasoline prices will act as a brake on consumer spending, particularly among lower-income households forced to prioritize getting to and from work and school over discretionary purchases. Apparel and footwear are essential goods, but consumers can delay buying new items for as long as their existing wardrobe still functions, Herman explained.

Lingering uncertainty surrounding US import tariffs and trade policy will also continue to drag on ordering. Last year, significantly higher tariff costs, particularly for Chinese-made goods, prompted many apparel shippers to change their sourcing, as well as order less product, a trend that will likely continue this year given the industry’s deep ties to Asia.

## Clothing from China tumbles, SE Asia share climbs

Percentage share of containerized US apparel and footwear imports by origin



Source: PIERS, S&P Global

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China's share of US apparel and footwear imports fell to 34.1% in 2025 from 41.7% in 2024, while southeast Asian countries Vietnam, Bangladesh, Indonesia and Cambodia all gained share, according to PIERS.

That shift can also be seen in routing decisions. Inbound clothing shipments to the Port of New York and New Jersey, for example, grew 5% last year, while imports to the Los Angeles-Long Beach port complex and Northwest Seaport Alliance slipped 1.7% and 28.9%, respectively.

Although the US Supreme Court's ruling invalidating tariffs the Trump administration imposed under the International Emergency Economic Powers Act (IEEPA) puts importers in a position to recoup those duties, the administration is already moving to replace them with similar tariffs that are more likely to withstand legal challenges.

The Office of the United States Trade Representative (USTR) on March 11 launched two separate Section 301 investigations — one related to “structural excess capacity and production in manufacturing sectors” and a second aimed at forced labor — widely expected to result in new and higher tariffs. Neither investigation is specific to apparel, but the risk of additional tariffs, particularly on goods from Vietnam, Bangladesh, Indonesia and Cambodia, could complicate efforts to diversify sourcing away from China.

## **Watching USMCA review**

Clothing companies are also paying close attention to the upcoming review of the United States-Mexico-Canada Agreement (USMCA), which could influence nearshoring strategies and cross-border freight flows via intermodal, truckload and less-than-truckload. In a March 3 letter to USTR Jamieson Greer, more than 500 business organizations urged the administration to extend USMCA and avoid changes that could disrupt supply chains.

“Supply chains are built on trillions in long-term investment, which have been refined over the years to be highly efficient to comply with USMCA’s rigorous framework,” the letter said. “Material changes to USMCA requirements or rules of origin could lead to multi-year supply chain disruptions at significant cost to companies invested in America, raise consumer prices, and erode North American competitiveness.”

Separately, the USTR also on March 3 released its annual “Notorious Markets” report, identifying dozens of online and physical markets involved in counterfeiting apparel and footwear brands. The AAFA believes counterfeit goods, particularly through e-commerce platforms, are undercutting legitimate importers.

Those concerns intersect with broader cargo security challenges. As recently as March 22, law enforcement recovered more than \$7 million in stolen cargo in three raids across Southern California, including apparel and footwear.

The incidents highlight ongoing risks tied to organized retail crime, even as legislative efforts such as the Combating Organized Retail Crime Act of 2025 appear to have stalled in Congress.

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