

The 2026 Duty-Free Sourcing Guide

Knit apparel from Nepal — EU, UK, Canada, Japan & the US, explained honestly.

By Trishakti Apparel — a full-package knit garment manufacturer in Gaidakot, Nepal. All figures verified July 2026.
Sources at the end.

Why this matters: duty is a 12–18% margin lever

For a knit t-shirt, import duty is one of the biggest hidden costs in your landed price. Source from a non-preferential country and you pay **12% (EU/UK)** or **18% (Canada)** on top of the garment. Source the *same* garment from a duty-free origin and that cost is **zero** — straight back into your margin or your shelf price. On a **\$500,000/year** program into the EU that's **~\$60,000 a year**; into Canada, **~\$90,000**.

This guide shows which markets give Nepal 0%, why imported fabric still qualifies, how long the window lasts, and — honestly — where Nepal does and doesn't beat the alternatives.

1 The duty map: knit t-shirts (HS 6109), by market

YOUR MARKET	STANDARD (MFN) DUTY	FROM NEPAL	SCHEME
 European Union	12%	0%	EBA
 United Kingdom	12%	0%	DCTS
 Canada	18%	0%	LDCT
 Japan	~9%	0%	LDC preference
 Australia	5%	conditional*	LDC scheme
 United States	~16.5% + 10%	not duty-free	(NTPP expired)

*Australia grants LDCs duty-free only if ≥50% of factory cost is local content — hard to meet with imported fabric. The US gives Nepal no duty-free (the Nepal Trade Preference Program expired Dec 2025); Nepal's ~26.5% is in the same band as India and Bangladesh, with only China higher (~34%).

2 The key that unlocks it: “single transformation”

Most buyers assume “if my fabric is imported, I lose duty-free.” **For Nepal, that's wrong in the markets that matter.** Under LDC rules for the EU, UK, Canada and Japan, the garment being **cut and sewn in Nepal** confers Nepali origin — **regardless of where the fabric came from**. Canada went furthest: since **January 2025**, cut & sew in an LDC confers origin no matter the fabric or yarn origin.

Translation: imported fabric + made in Nepal = “Made in Nepal” = 0% duty into the EU, UK, Canada and Japan. You supply nothing extra except a **Certificate of Origin** (we provide it).

Note: for the US and standard GSP schemes, stricter “double transformation” can apply — imported fabric may not qualify. That's why the market matters.

3 The clock: a real window, closing ~2029

Nepal is scheduled to graduate from Least Developed Country status on **24 November 2026** (a further 3-year deferral has been requested and is under review). Either way: the **EU & UK** grant a **3-year transition** from graduation, so duty-free access holds to **~2029**. After that, access moves toward standard GSP with **stricter rules of origin** — under which imported fabric may no longer qualify. The **UK (DCTS) preserves single transformation** even into its Enhanced Preferences tier, making it the most durable duty-free route.

Bottom line: there's a genuine 2–3 year window to lock in duty-free Nepal sourcing. Onboard now and you get certainty plus a transition runway.

4 Nepal vs the alternatives — the honest comparison

No spin. Here's where Nepal wins and where it doesn't.

FACTOR	NEPAL	CHINA	INDIA	BANGLADESH
Duty into EU/UK	0%	12%	~12%	0%
Duty into Canada	0%	18%	18%	0%
Garment wage / month	~\$141	~\$304	~\$195	~\$135
Low / flexible MOQ	Strong	Weak	Medium	Weak
Logistics	Landlocked (via Kolkata)	Fast	Coastal	Coastal

Where Nepal wins: duty-free vs **China & India** (they pay 12–18%), plus **low/flexible MOQ** and ethical, full-package production for small-to-mid brands.

Where Nepal doesn't win: vs **Bangladesh** — Bangladesh also gets 0% into EU/UK/Canada, has slightly lower wages, and better (coastal) logistics. Nepal's edge over Bangladesh is **MOQ flexibility and a high-touch partnership**, not price or speed.

Choose Nepal when you want duty-free + small runs + ethics + a partner who'll actually answer — not when you want the rock-bottom commodity price.

5 How to actually claim the duty-free rate

1. **Certificate of Origin** — proves “Made in Nepal.” Your Nepali manufacturer arranges it (we do).
2. **Statement on Origin / REX** — for the EU, small consignments (< €6,000) can use a self-declared Statement on Origin; larger orders use a REX-registered exporter number.
3. **Correct HS code + product spec** on your commercial invoice, matched to the destination's rule.

Your manufacturer handles the origin paperwork — you just confirm your destination and product.

6 Quick checklist: is duty-free Nepal right for you?

- ☐ You sell into the **EU, UK, Canada or Japan** (where Nepal is 0%)
- ☐ You currently source from **China or India** (paying 12–18% you could save)
- ☐ You want runs of **500–5,000/style** (not 20,000+)
- ☐ You value **ethical, transparent** production
- ☐ You want to **de-risk** away from a single sourcing country

3+ ticks? Duty-free Nepal is worth a sample.

About Trishakti Apparel

A full-package knit garment factory in Gaidakot, Nepal — ~100 machines, in-house Optitex CAD, an 80% women-staffed floor on fair wages. We make t-shirts, polos, sweatshirts, hoodies and activewear in all knit fabrics to your designs, MOQ 500–1,000, and supply the Certificate of Origin for duty-free entry.

Get an exact quote: WhatsApp +977 9863618347 · admin@trishaktiapparel.com.np · trishaktiapparel.com.np

Sources (verified July 2026): EU Access2Markets · GOV.UK DCTS · Canada CBSA (Customs Notice 24-41, Memo D11-4-4) · Japan Customs / UNCTAD · WageIndicator & Statista (wages) · US OTEXA/USTR (NTPP). This guide is indicative; confirm your exact HS code and rules of origin before contracting.