IBTEX No. 147 of 2025 **December 08, 2025**

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USD	**EUR**	**GBP**	**JPY**
90.15	**104.71**	**120.28**	**0.58**

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INTERNATIONAL NEWS

Cotton prices in Brazil decline to a 16-year low as supply surpasses demand

Brazilian cotton prices have declined to a 16-year low due to a combination of factors, primarily centering on abundant supply and weak demand, both domestically and globally.

In real terms, the CEPEA/ESALQ Index for cotton (payment in 8 days) fell to its lowest level since September 2009 in November 2025, after six consecutive months of decline. The average price in November 2025 settled around BRL 3.4505 per pound (approximately $0.65). This price was about 12.5 per cent lower than the price in November 2024

A major global cotton producer and the world's leading exporter, Brazil has seen high production. This strong supply has flooded the domestic market, putting intense downward pressure on prices. By late November 2025, over 81 per cent of Brazil's 2024-25 crop had been processed. Local textile industries and domestic buyers are purchasing minimal volumes, operating at diminished capacity, and are cautious about new transactions.

Global cotton prices have also softened, and the CEPEA/ESALQ Index has remained below the export parity price, signaling little support from external markets. Producers facing cash pressure or needing to clear inventories have shown greater flexibility in accepting lower prices, which further adds to the downward momentum.

Activity in the spot market remains restricted, with most market participants focused on fulfilling existing long-term contracts. However, traders are already negotiating new deals for early 2026 and for the cotton from the next season. Low prices are tightening profit margins for Brazilian growers, making it difficult for many to break even, especially those with lower-than-expected yields. In short, the strong harvest has created a surplus that the current weak global and domestic textile demand cannot absorb, leading to a sustained and sharp fall in prices.

Source: fashionatingworld.com– Dec 06, 2025

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Shanghai, Ningbo Set Container Records as China Ports Defy Trade Headwinds

A trade war with the U.S. did not stop China's biggest ports from setting records for container handling in 2025—all with one month still in play.

The two top port complexes in the country, the Port of Shanghai and the Port of Ningbo-Zhoushan, set annual volume records after just 11 months, topping a combined 90 million in 20-foot equivalent units (TEUs).

The Port of Shanghai handled its 50 millionth TEU on Nov. 26, a full 26 days earlier than it did in 2024, according to a statement from the gateway. With the milestone, the port is on pace to rank first in global container throughput for the 16th consecutive year. In 2024, the Chinese port handled more than 51.5 million TEUs, well outpacing the 41.1 million TEUs that went through the second-busiest seaport, the Port of Singapore.

The Shanghai port did not break out exact numbers for November, and has not given a projection for December, or for the full year. The port said container throughput exceeded 46 million TEUs in the first 10 months of the year, a 6.5 percent jump from 2024 numbers. That would put estimated November container movement within the range of 4 million TEUs.

In a statement, port operator Shanghai International Port Group, Ltd. attributed the growth to "moving beyond standalone equipment automation" toward a new stage of "intelligent collaboration" throughout the port's wider ecosystem.

"With deep application of cutting-edge technologies (e.g., F5G, digital twins, and high-precision positioning), remote operation, unmanned transport and intelligent scheduling have become routine, marking a fundamental shift from 'human-controlled' to 'AI-controlled' practice," the operator said in a statement. "This smart transformation, powered by homegrown technologies, not only drives breakthroughs in terminal efficiency but also showcases China's fully autonomous and reliable port-technology capabilities to the rest of the world."

This year, the Port of Shanghai has added 12 new international routes, covering 50 major ports worldwide, while increasing shipping transshipment efficiency by 22 percent.

As for the Port of Ningbo-Zhoushan, 2025 was a banner year as well, with the seaport seeing throughput surpass 40 million for the first time on Tuesday.

According to port owner Zhejiang Seaport Group, the Ningbo-Zhoushan gateway's operations have accelerated from an annual 30 million TEUs in just four years.

"The port started relatively late in container operations, but it has developed very rapidly," Tao Chengbo, chairman of Zhejiang Seaport Group, said in the statement.

For November, container throughput increased nearly 11 percent to 4.5 million TEUs over the year-ago month.

Both ports are deepening their collaboration with each other amid the external trade tensions. The Shanghai and Ningbo-Zhoushan ports generated 18 percent year-over-year growth in annual throughput for cargo passing between both gateways, according to a report from Hong Kong-based publication Bastille Post Global.

The high growth numbers at Shanghai and Ningbo-Zhoushan come amid expectations of a monthly rebound in exports out of China. Outbound shipments in November were expected to have risen by 3.8 percent by value from the year prior, according to the median forecast of 20 economists in a Reuters poll.

This follows a surprise 1.1 percent export decline for October, in which China dealt with not only its usual year-over-year double-digit dips in cargo headed for the U.S., but weakening strength from other partners like the E.U., the Association of Southeast Asian Nations (ASEAN) and Africa, among others.

As for imports entering China, inbound cargo is forecast by the Reuters poll to increase 2.8 percent, up from the paltry 1 percent year-over-year gain the month earlier.

With China expected to reveal official customs data in the coming days, eyes are also on freight rates that have spiked for cargo exiting the country over the past week.

According to data from Drewry's World Container Index (WCI), spot ocean freight rates rose 7 percent to $1,927 per 40-foot container after three weeks of decline, mainly due to rate hikes on trans-Pacific and Asia-to-Europe trade routes.

Spot rates from Shanghai to Los Angeles climbed 8 percent to $2,256 per container, while those to New York rose 6 percent to $2,895 on average. And to Europe, spot rates on ships sailing to Genoa increased 15 percent to $2,648 per box, while rates from Shanghai to Rotterdam edged up 4 percent to $2,241.

"Some carriers have adopted a weekly strategy for GRIs. Instead of announcing large hikes that tend to erode quickly, carriers are now introducing smaller, more frequent increases to maintain consistent upwards pressure on spot rates," said Drewry in a Thursday update, calling the weekly GRI strategy for U.S.-bound cargo "effective." The container shipping consultancy expects stable rates in the week ahead.

Source: sourcingjournal.com– Dec 05, 2025

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China strengthens position in France's textile & apparel sourcing

China continued to strengthen its position in the French garment market during January–August 2025, with its share rising to 23.07 per cent, up from 21.36 per cent in the same period last year.

France imported $17.044 billion worth of apparel during the first eight months of 2025, of which China supplied $3.931 billion, consolidating its lead as the top sourcing country. A similar trend was visible in France's fabric and yarn imports, where China also increased its value share despite ongoing competition and diversification efforts among European buyers.

On a full-year basis, China has been France's largest apparel supplier for the past five years. In 2024, France imported $24.693 billion in garments, with China contributing $5.693 billion, equal to 23.06 per cent.

That share was broadly consistent with 2023 at 22.56 per cent and reflects a stabilisation following a stronger position in 2022, when China commanded 25.21 per cent of France's $26.224 billion apparel import market, according to sourcing intelligence tool TexPro.

The slight fluctuations underscore France's ongoing balance between low-cost sourcing from Asia and the growing appeal of nearshore and EU suppliers offering faster turnaround and more compliance-friendly production.

In fabrics, China maintained its position as the second-largest supplier. France imported $873.76 million worth of fabrics during January–August 2025, with China supplying $115.48 million, raising its share to 13.22 per cent compared with 12.43 per cent in the same period of 2024.

For the full year 2024, France imported $1.335 billion of fabric, with China contributing $171.78 million (12.86 per cent). While still below the 2022 peak share of 13.89 per cent, the recent upward shift signals improving order flows for basic woven fabrics, synthetics and semi-processed textile inputs where China retains scale, cost advantages and manufacturing consistency.

Yarn trade showed similar resilience, according to TexPro. During January–August 2025, France imported $504.46 million worth of yarn, with China supplying $31.39 million, increasing its share to 6.22 per cent compared with 5.72 per cent last year. China ranked fifth among suppliers in the period, improving from seventh position in the previous year. For all of 2024, France sourced $45.78 million worth of yarn from China (5.89 per cent share), up from 5.41 per cent in 2023. While China does not dominate the yarn segment, the gradual share expansion reflects competitive pricing in synthetic yarns and cotton-rich blends, where Asian production cost advantages remain significant.

Despite the recent improvement in market share across apparel, fabrics and yarn, China's long-term position in the European market remains under structural pressure. Accelerating EU sustainability legislation, a preference for localised supply chains, investment in digital traceability and greater sourcing from Turkiye, Portugal, Morocco and other Euro-Med origins continue to reshape sourcing decisions.

For now, the French import pattern suggests a pragmatic equilibrium: speed-to-market and compliance-driven sourcing closer to Europe, paired with China's scale, cost efficiency and product depth for mass-market segments. Whether China's recent gains translate into sustained recovery—or represent a temporary stabilisation in a shifting sourcing landscape—will become clearer as 2026 contracts begin to form and EU regulations tighten further.

Source: fibre2fashion.com– Dec 07, 2025

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Australian apparel trade steadies despite slight Jul–Oct dip

Australia's textile and apparel trade trends for the first four months of fiscal 2025–26 (July–October) indicate a cautious but stabilising market, with downstream imports showing resilience and fibre exports displaying a mixed trajectory, according to the latest Australian Bureau of Statistics (ABS) data.

Apparel imports (code 84) eased marginally by 0.21 per cent to Au$4.538 billion (~$3.014 billion), compared with Au$4.548 billion a year earlier. Retailers continued to operate with tighter stock-management strategies amid soft discretionary spending.

The conservative buying behaviour stems from persistent cost-of-living pressures, extended inventory cycles from 2024, and a shift towards just-in-time replenishment to reduce carrying costs. Despite muted year-to-date activity, October strengthened as imports rose 2.71 per cent year-on-year to Au$1.212 billion (~$0.805 billion), reflecting earlier inventory planning for November promotions and festive-season demand. Stronger October inflows also signal improved consumer confidence heading into peak trading months.

Imports of textile yarn, fabrics, and made-up articles (code 65) remained a key growth area, rising 8.44 per cent to Au$1.720 billion (~$1.142 billion). October shipments under this category climbed to Au$476 million, up from Au$423 million in October 2024, indicating stable production cycles across apparel, upholstery, and technical textile applications. The increase reflects steady demand from domestic manufacturers and continued recovery in local garment and home textile production hubs, which are replenishing raw materials after earlier supply-chain constraints.

Fibre imports (code 26) also increased, reaching Au$47 million from Au$40 million in the same period last fiscal. Monthly imports stood at Au$12 million in October, compared with Au$9 million a year earlier, suggesting replenishment-driven procurement by spinning and processing units. The rise aligns with expectations of improved downstream demand in early 2026 and reflects mills' efforts to secure inputs amid stabilising global fibre prices.

Export conditions remained softer in year-to-date comparisons. Textile fibre exports (code 26) declined 2.96 per cent to Au$2.816 billion (~$1.870 billion) between July and October 2025, down from Au$2.902 billion in the corresponding period last year.

The contraction is largely due to subdued wool and cotton demand in major Asian markets, where mills had been reducing inventories amid price volatility and weaker yarn offtake. However, October marked a sharp turnaround, with shipments jumping 29.08 per cent year-on-year to Au$830 million versus Au$643 million in October 2024. The rebound reflects renewed ordering from key Asian buyers and stabilised global pricing after earlier corrections. Improved Chinese buying, stronger auction activity, and clearer pricing signals in the wool market contributed to the monthly surge.

Overall, the latest trade pattern suggests that while apparel demand remains modest, upstream and intermediate textile imports continue to support domestic manufacturing momentum. Export recovery remains uneven but shows emerging signs of improvement after months of correction driven by wool and cotton price normalisation and moderated global demand. The stabilisation phase indicates that the worst of the destocking cycle may be over, with both domestic and export markets adjusting to more predictable cost structures and demand patterns.

In fiscal 2023–24, Australia's apparel and clothing imports totalled Au$12.231 billion (~$7.748 billion), a decline of 5.2 per cent from Au$12.903 billion recorded in 2022–23. Similarly, imports of textile yarn and fabrics fell by 9.40 per cent, decreasing from Au$4.825 billion in 2022–23 to Au$4.371 billion (~$2.767 billion) in 2023–24. These contractions reflected earlier consumer spending weakness, elevated freight costs, and retailers' shift towards leaner inventory models.

Australia exported textile fibres worth Au$7.053 billion (~$4.465 billion) in 2023–24, representing a decline of 13.97 per cent from Au$8.199 billion in 2022–23. The sharp drop was driven by falling global fibre prices, inventory adjustments in China and Vietnam, and ongoing freight cost challenges that reduced export competitiveness, particularly for wool.

Source: fibre2fashion.com– Dec 08, 2025

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Success! U.S. Cotton Trust Protocol Hits Substantial Milestones

The U.S. Cotton Trust Protocol, the leading program for responsibly grown U.S. Cotton, today released its 2024/25 Annual Report, a pivotal five-year milestone confirming its more than 1,500 grower members have achieved meaningful gains across all six of its sustainability metrics against a 2015 baseline. This comprehensive data set establishes the Trust Protocol as the first sustainable cotton fiber program to offer such robust, verifiable evidence of its effectiveness, solidifying its growers as leaders in sustainable cotton production and offering unparalleled assurance to the global supply chain.

Protocol growers have met or exceeded five of the six ambitious 2025 National Goals for Continuous Improvement, demonstrating tangible progress that is critical for brands and retailers committed to environmental stewardship and responsible sourcing:

- 15% reduction in land use needed to grow one pound of cotton, meeting the 2025 goal a year early, with Protocol growers producing 20% more cotton per acre than the U.S. average;
- 87% improvement in water use efficiency, producing the same amount of cotton with 47% less irrigation water despite droughts, exceeding the 2025 goal;
- 28% reduction in energy footprint, contributing to lower Scope 3 emissions for downstream partners, exceeding the 2025 goal;
- 89% reduction in soil loss, preserving vital topsoil, bringing erosion levels well below USDA thresholds, exceeding the 2025 goal;
- A meaningful achievement in soil health, with growers on 71% of acres now actively building healthier soils that store carbon, meeting the 2025 goal; and
- 25% reduction in greenhouse gas emissions, achieved through optimized nitrogen use efficiency and precision irrigation technologies.

“This year’s annual report unequivocally demonstrates that sustainable practices deliver measurable improvements in efficiency, resilience, and environmental outcomes that can directly impact the supply chain,” said Dr. Gary Adams, President of the U.S. Cotton Trust Protocol.

"This report is a testament to the dedication of our growers, whose commitment has resulted in tangible environmental gains, meeting or exceeding five of the six 2025 goals. It proves that sustainable practices can deliver measurable impact at scale, providing brands with credible data to back their sustainability claims."

Key Highlights for Sourcing and Sustainability Professionals from the 2024/25 Annual Report:

• Traceability at Scale: The Trust Protocol's advanced traceability solution, providing article-level information to brands and retailers, experienced exponential growth. A 413% year-over-year increase in Protocol Consumption Unit (PCCU) uptake saw 20 brands track 126,000 tons of Trust Protocol fiber, translating to an astounding 690 million finished products. This robust system offers unprecedented transparency, enabling brands to confidently verify their U.S. cotton origins and meet increasing consumer and regulatory demands for supply chain visibility.

• Widespread Use of Regenerative Agriculture Practices: Trust Protocol growers continue to deploy regenerative agriculture practices, with almost two-thirds (63%) planting cover crops and more than half (57%) of acres under no-till or conservation tillage. These practices are vital for enhancing soil health, actively sequestering carbon, thereby offering a critical pathway for brands to support nature-positive sourcing.

• Record Grower Enrollment – Expanding Sustainable Sourcing Options: For the sixth consecutive year, participation grew despite challenging farming conditions. Enrolled acreage increased 18% to 2.58 million acres, with grower membership rising 14% to 1,512. This expansion ensures a growing, reliable supply of sustainably produced U.S. cotton for the global market.

• New Regenerative Cotton Pilot: Innovating for the Future: In 2025, the Trust Protocol launched a pilot program to formally recognize and verify regenerative practices, providing brands and retailers with an innovative new sourcing option for traceable, regenerative U.S. Cotton.

"With emerging regulations like the EU's Corporate Sustainability Reporting Directive (CSRD) and growing stakeholder scrutiny, the need for verifiable, robust data has never been more important for brands and retailers," said Daren Abney, Executive Director of the U.S. Cotton Trust Protocol. "Our program helps deliver that assurance. The expanded use

and scale of our traceability system clearly demonstrate that the supply chain is embracing this new level of transparency. We are providing the essential tools for brands to track cotton to the finished product, enabling them to communicate their sourcing strategies with greater accuracy, confidence, and compliance."

The complete Annual Report, offering in-depth data and insights crucial for sustainable sourcing strategies, is available at report.trustuscotton.org.

Source: cottongrower.com– Dec 05, 2025

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Real new orders in German manufacturing up 1.5% MoM in Oct 2025

Real new orders in manufacturing in Germany were up by 1.5 per cent month on month (MoM) in October this year after price, seasonal and calendar adjustment, according to provisional figures by the Federal Statistical Office (Destatis).

When large-scale orders are excluded, new orders were 0.5 per cent higher than in the previous month.

The less volatile quarter-on-quarter (QoQ) comparison showed that new orders between August to October 2025 were 0.5 per cent lower; when large-scale orders are excluded, new orders were down by 0.1 per cent QoQ.

After revision of the provisional data, new orders in September 2025 increased by 2 per cent MoM, a Destatis release said.

New orders for capital goods in October were up by 4.9 per cent MoM. By contrast, new orders for intermediate goods declined by 3.4 per cent MoM, and those for consumer goods dropped by 2.2 per cent MoM.

Foreign orders in October were down by 4 per cent MoM, with orders from the euro area increasing by 0.1 per cent MoM and orders from outside the euro area falling by 6.5 per cent MoM. Domestic orders increased by 9.9 per cent MoM.

According to provisional figures, real turnover in manufacturing (seasonally- and calendar-adjusted) in October this year increased by 0.3 per cent MoM. The calendar adjusted turnover was 1.6 per cent lower year on year (YoY) in the month.

After revision of the provisional data, manufacturing turnover decreased by 2.4 per cent MoM in the month in September 2025.

Source: fibre2fashion.com– Dec 08, 2025

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Competition heats up as Asian apparel majors chase EU gains

When US President Donald Trump introduced 'reciprocal tariffs' earlier this year, the global apparel industry immediately felt the impact. For those apparel makers whose business models relied heavily on the vast US market, the announcement was more than a policy shift—it was a warning shot.

Exporters from Dhaka to Delhi, Phnom Penh to Karachi, and others braced for disruption, even as many predicted that Europe would become the next big battleground, as producers scramble to make up for potential US losses by expanding their footprints in the European Union (EU).

That prediction now rings true even as recent media reports citing data from Eurostat maintained that apparel makers across major Asian exporting nations posted a sharp rise in shipments to the EU in the first nine months of 2025, signalling what can be termed a decisive pivot toward Europe as tariff uncertainty clouded the business landscape.

From January to September, Bangladesh's garment exports to the EU reportedly climbed 13.17 per cent year-on-year to €15.26 billion (~$17.77 billion), up from €13.48 billion in the same period last year. The country maintained its rank as the EU's second-largest apparel supplier, behind China, which recorded 9.86 per cent growth in export value to reach €19.77 billion.

In volume terms, however, China continued to lead. Over the first nine months, China's shipment volume reportedly rose 17 per cent, compared with Bangladesh's 15.55 per cent increase.

With a GDP of around $19.42 trillion (in 2024) and an estimated customer base of over 450 million people, as per some accounts, the EU is the world's largest importer of apparel, offering a massive market.

Meanwhile, Pakistan's apparel exports to the EU in these nine months reportedly rose 13.77 per cent to €2.90 billion, bolstered by an impressive 15.90 per cent jump in shipment volume, while India, as per some estimates, notched €3.76 billion in exports to EU, marking a 10.62 per cent rise in value and an even stronger 16.01 per cent increase in volume.

But the most dramatic ascent reportedly belongs to Cambodia. EU imports from Cambodia, as per some estimates, soared to €3.37 billion—a 22.51 per cent leap in value and 39.65 per cent rise in volume.

With its cost-competitive structure, growing manufacturing capacity, and preferential access positioning, Cambodia has turned Europe into a high-speed expansion lane. Few countries have capitalised on the US tariff realignment as effectively.

As per reports, in total, the European Union imported €68.47 billion worth of apparel between January and September.

As US tariffs reset the global trade flows and uncertainty continues to reverberate through supply chains, the apparel industry seems to have entered a new phase where Europe—long treated as a dependable but secondary market by many—has become the arena where the apparel exporting powerhouses are now jockeying for dominance.

Source: fibre2fashion.com– Dec 07, 2025

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Kenya welcomes US proposal to extend AGOA deal

Kenya recently welcomed a proposal by the US administration to extend the African Growth Opportunity Act (AGOA) in full for an additional year, a decision currently before the US Congress.

While visiting Washington, DC, the country's prime cabinet secretary Musalia W Mudavadi, who is also responsible for foreign and diaspora affairs, joined President William Ruto for a high-level meeting with US Trade Representative Jamieson Greer.

Greer noted that the extension would allow the US Government ample time to design a more robust, future-ready programme that better advances the shared interests of both nations, the office of the prime cabinet secretary said in a Facebook post.

Mudavadi emphasised that discussions went beyond the immediate extension of AGOA. Kenya and the United States are now laying the groundwork for a new, forward-looking bilateral trade arrangement that will elevate economic cooperation to new heights.

The envisioned framework seeks to enhance predictability for investors, unlock expanded market access, and anchor a modern, mutually-beneficial partnership reflective of the ambitions of both countries.

Both sides identified several high-potential sectors poised for accelerated growth. These include apparel and textiles, agriculture, leather and footwear, chemicals and pharmaceuticals, and information and communication technology and digital services.

These sectors promise to generate quality jobs, increase export earnings, attract new investments, and strengthen value chains across Kenya's economy, the Facebook post added.

Source: fibre2fashion.com– Dec 06, 2025

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Bangladesh: A stronger future for Bangladesh's export economy

For more than forty years, Bangladesh has carried a remarkable story of economic transformation. A country rooted in agriculture built one of the world's most influential apparel industries through grit, discipline and a willingness to learn. The label "Made in Bangladesh" travelled across continents because workers and entrepreneurs believed they could do something bigger than their circumstances. That belief helped reshape the national economy and identity.

But today the landscape looks more uncertain. Export earnings have been falling for four consecutive months, a sign that the long-trusted engine is facing pressure. In November, Bangladesh exported goods worth $3.89 billion, about five and a half percent lower than the same month a year earlier, when the figure was $4.12 billion. According to the Export Promotion Bureau (EPB), almost all major sectors saw declines in November. Apparel, jute, agricultural processed goods, home textiles, non-leather footwear, frozen food and plastics all registered drops. Only leather and leather goods managed to grow. Even apparel, the strongest pillar, was down by five percent.

These shifts are not happening in isolation. Global markets are adjusting to changing tariff regimes, political tensions and evolving consumption patterns. Buyers in key regions are reassessing costs, placing smaller orders and negotiating harder. A combination of price adjustments and softer demand has created a slowdown that is affecting several producing countries, including Bangladesh. This is a reminder that no matter how strong an industry may be, its fortunes can still be shaped by geopolitical forces beyond national control.

This is why the conversation on diversifying the export base feels more urgent than it did a decade ago. Bangladesh cannot rely on a single sector to sustain long-term growth. The apparel industry will remain a cornerstone, but it cannot be the only path to resilience. There are promising alternatives emerging. Plastics and packaging, furniture and light engineering, frozen and processed foods and software and digital services all show real potential. Some Bangladeshi companies in these sectors have already reached international markets, often with little coordinated support. Their progress suggests what is possible if the country takes a more organised approach.

To chart that path, it helps to recall how the apparel sector rose in the first place. In the early years, Bangladesh did not have world-class factories or ready access to buyers. What it did have was ambition and a willingness to build partnerships. Entrepreneurs collaborated with experienced international firms, and groups of young Bangladeshis travelled abroad for hands-on training. They returned with knowledge that reshaped the sector. These early professionals later became managers, production specialists and eventually, for some of them, entrepreneurs. Their learning created the backbone of a national industry.

The principle remains relevant today. Countries rarely diversify by working alone. New sectors grow when skills, technology and market access move across borders through partnerships that are commercially aligned. Bangladesh has the foundation for this model. Universities, institutes and NGOs have long experience in delivering training at scale. Development finance institutions are increasingly interested in supporting sectors that can mature into export industries. IFC and FCDO both came forward in the recent past. What is needed now is focus and coordination.

Diversification works best when a country chooses a few priority sectors and invests with discipline. That means building technical capacity, shaping supportive regulation, reducing friction for exporters and ensuring that early movers have the room to grow. When the focus is clear, industries can mature faster and attract stronger partnerships.

The apparel sector still has room to expand through new materials, automation, sustainability and access to emerging markets. But it cannot remain the only driver of an economy approaching half a trillion dollars. The recent decline in export earnings is not a crisis. It is a signal that the time has come to widen national horizons and move beyond a single engine.

Source: fibre2fashion.com – Dec 04, 2025

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NATIONAL NEWS

Fitch raises India's FY26 GDP growth projection to 7.4% from 6.9%

Fitch Ratings recently revised India's gross domestic product (GDP) growth forecast for fiscal 2025-26 (FY26) to 7.4 per cent from 6.9 per cent earlier.

Private consumer spending is the main driver of growth in the country this fiscal, "supported by strong real income dynamics, increased consumer sentiment, and the impact of recently implemented goods and services tax reforms," the rating agency said.

Fitch expects India's FY27 growth to ease to 6.4 per cent, with domestic demand remaining the key driver. Public investment growth is likely to moderate, while private investment should pick up in the second half of FY27, it noted.

India's real GDP growth surged by 8.2 per cent during the July-September quarter of FY26.

Fitch projects India FY26 inflation to average at 1.5 per cent. The consumer price index-based inflation fell to 0.3 per cent in October.

The rating agency also expects the rupee to strengthen next year to around 87 per US dollar.

Source: fibre2fashion.com– Dec 07, 2025

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US negotiating team to visit India on Dec 10 to take forward trade talks

US trade negotiating team led by Deputy US Trade Representative Rick Switzer is scheduled to be in India next week for a three-day discussion with Indian counterparts on the first phase of the bilateral trade deal which hasn't progressed substantially since pre-Diwali talks in Washington DC, sources said.

"The talks will begin on December 10 and would be at an informal level, not to be counted as a formal round," a source tracking the matter told businessline.

The timing of the American team's visit is important as it comes close on the heels of Russian President Vladimir Putin's much publicised visit to New Delhi on December 4-5 and pledges by both countries to increase bilateral trade and investments.

New Delhi is keen that the first phase of the bilateral trade agreement focuses primarily on the roll back of the 50 per cent additional tariffs imposed on Indian goods, concludes before the year-end. With the full US tariffs (which includes 25 per cent reciprocal tariffs and another 25 per cent penalty for Russian oil purchases) kicking off in August-end, exports of a number of items from India to the US, including labour-intensive goods, have already come under strain.

"In the bilateral trade meeting in Washington in mid-October, India had given its tentative list of offers in terms of increased market access for American goods in lieu of a roll back of the additional tariffs on Indian goods. It was hopeful that the US would accept the offer and bring down tariffs on India. But that has not happened yet. In the meeting next week, there will be more clarity on what the US has in mind," another source said.

Commerce Secretary Rajesh Agrawal, who had participated in the face-to-face negotiations with the US team in Washington in October, had recently expressed hopes that a deal–addressing US tariffs of 50 per cent imposed on Indian goods–can be reached by the year-end. However, he had added that a political call needed to be taken on some of the sticking issues.

"Even if there is one sticking point or issue which is in the mind of one of the partners, the trade deal may not meet that dateline. Overall position is that we are well set to deliver it (the deal) in next few weeks or months..as soon as we can. But let us see. It is a call that has to be taken at multiple levels," Agrawal had said.

non-negotiables

Without going into details, the Commerce Secretary said that there were some non-negotiables from India's perspective and the country had always stood by its sensitivities.

The US demand for access for some dairy items and agriculture produce, especially genetically modified (GM) soybean and corn, are difficult for India to meet as these are amongst the biggest sensitivities.

Moreover, while US President Donald Trump has repeatedly said that India will bring down its oil purchases from Russia to near-zero, Delhi continues to purchase oil from Moscow, although there has been a dip following US sanctions on Russian oil companies.

"In next week's meeting, there is a possibility that the American side would want to know more about India's plans of trading with Russia and purchasing Russian oil," the second source said.

The US remained India's largest trading partner for the fourth consecutive year in 2024-25, with bilateral trade valued at $131.84 billion and exports to the US at $86.5 billion.

Source: thehindubusinessline.com– Dec 06, 2025

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India can expand exports to Russia from $5 billion to $35 billion by 2030: GTRI

India has the potential to raise its merchandise exports to Russia from about $5 billion to nearly $35 billion by 2030, according to a GTRI report, as President Vladimir Putin's visit to Delhi places renewed focus on narrowing the wide trade gap between the two countries.

The report shows that even though bilateral trade is touching $70 billion, India's exports stay below $5 billion while imports from Russia remain dominated by crude oil.

In FY2025, India exported goods worth $4.9 billion but imported $63.8 billion, leaving a trade deficit of $58.9 billion. Crude oil alone formed $50.3 billion of these imports, turning the trade relationship into one centred almost entirely on energy.

The GTRI Report explains that India supplies only 2.4 per cent of Russia's $202.6 billion import market. It notes that Russia is a large global buyer in many categories where India is also a major exporter, yet India's share remains very small. This, the report says, is where the opportunity lies.

Food and agriculture show the widest gaps. Russia imported $13 billion worth of food items in 2024, but India's exports across fruits, oils, meat and dairy together stayed under $250 million.

Even in areas where India is a strong global exporter, such as meat, oilseeds and fruits, its share in Russia is mostly below five per cent. Processed food is similar, with India's sales remaining very limited despite strong global capability.

The pattern continues in consumer goods and chemicals. Russia imported $3.13 billion of perfumery and essential oils and $1.07 billion of soaps and detergents, but India's presence stayed below three to four per cent in most segments.

Pharmaceuticals, although India's biggest export category to Russia, also reflected low penetration. Russia imported $11.8 billion worth of medicines in 2024, while India's share was $413.5 million, despite being one of the world's largest pharma exporters.

Textiles, apparel and footwear show some of the sharpest mismatches. Russia bought billions worth of fibres, fabrics and clothing, yet India's exports were a fraction of its global strengths.

Big consumer industries like vehicles, furniture and toys displayed the same pattern, with India supplying only tiny amounts to a market that buys heavily from the world.

The report states that expanding India's exports will not depend only on identifying high-potential product lines but also on fixing payment challenges.

With Russian banks limited in accessing SWIFT, exporters face delays and uncertainty. The GTRI analysis says a modern and reliable rupee-rouble settlement system, supported by both sides' banks, is essential for building confidence and speeding up transactions.

The report adds that India and Russia had earlier solved this problem through a fixed exchange arrangement during the Soviet era.

A similar modern system, along with trade missions and stronger institutional support, can help India shift its Russia trade from mainly oil to a wider mix of goods that reach stores and factories across the country.

Source: thehindubusinessline.com– Dec 06, 2025

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EU team to meet Piyush Goyal tomorrow on FTA

The visiting European Union (EU) team will hold discussions with Commerce and Industry Minister Piyush Goyal on Monday on the progress of negotiations on the proposed free trade agreement, an official said.

The meeting is important as both sides are eager to conclude the negotiations as early as possible.

The team, led by EU's Directorate-General for Trade Sabine Weyand, is here to iron out differences on issues pertaining to both goods and services. They have fixed the year-end deadline to conclude talks.

"The EU team will meet the minister on Monday," the official said.

Differences that still need to be ironed out in certain areas such as steel, carbon tax, automobiles and non-tariff barriers.
In June 2022, India and the 27-nation EU bloc resumed negotiations for a comprehensive FTA (free trade agreement), an investment protection agreement and a pact on geographical indications after a gap of over eight years.

It was stalled in 2013 due to differences on the level of opening up markets. India's bilateral trade in goods with the EU was USD 136.53 billion in 2024-25 (exports worth USD 75.85 billion and imports worth USD 60.68 billion), making it the largest trading partner for goods.

The EU market accounts for about 17 per cent of India's total exports, and the bloc's exports to India constitute 9 per cent of its total overseas shipments.

Besides demanding significant duty cuts in automobiles and medical devices, the EU wants tax reduction in other products like wine, spirits, meat, poultry, and a strong intellectual property regime.

Indian goods' exports to the EU, such as readymade garments, pharmaceuticals, steel, petroleum products, and electrical machinery, can become more competitive if the pact sails through.

The India-EU trade pact negotiations cover 23 policy areas or chapters, including trade in goods, services, investment, rules of origin, customs and trade facilitation, government procurement, dispute settlement, intellectual property rights, and geographical indications.

Source: economictimes.com– Dec 07, 2025

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Export Promotion Mission sets unified path to strengthen India's export competitiveness

India took a major step to strengthen its export ecosystem with the launch of the Export Promotion Mission (EPM), a unified framework approved in the Union Budget 2025-26. The Mission was designed to provide Indian exporters, especially MSMEs and first-time exporters, with simpler, faster, and more coordinated support.

As per data from a government release, with an outlay of Rs 25,060 crore for FY 2025-26 to FY 2030-31, the Mission aims to improve trade finance, strengthen market readiness and build competitiveness across regions and sectors. EPM brings together several fragmented schemes into one system so exporters can access support in a clear and predictable manner.

The policy rationale behind EPM is rooted in the need for a more coordinated export-support structure. India already has programmes such as interest equalisation and market-access initiatives, but official assessments show that challenges remain in access to affordable finance, meeting international quality standards, coordinated branding and easing logistics gaps. Recent export trends also point to the need for stronger digital systems and a single mechanism that can respond quickly to global trade changes.

The Directorate General of Foreign Trade (DGFT) will act as the implementing agency, which will run a digital platform for applications, approvals and disbursal. The framework brings together the Department of Commerce, the Ministry of MSME, the Ministry of Finance, Export Promotion Councils, financial institutions and state governments. The focus is on real-time monitoring, inter-ministerial coordination and outcome-based delivery.

The Mission functions through two integrated components: Niryat Protsahan and Niryat Disha. Niryat Protsahan deals with financial support, including interest subvention, export factoring, deep-tier financing and credit enhancements.

Niryat Disha focuses on non-financial needs such as testing and certification, branding, packaging, trade fairs, logistics help and district-level capacity-building.

Alongside the Mission, the government has also expanded the Credit Guarantee Scheme for Exporters with an additional support of up to Rs 20,000 crore. The scheme provides 100 per cent credit guarantee coverage, helping exporters, especially MSMEs, access collateral-free working capital.

The Reserve Bank of India has added further support through the Trade Relief Measures issued in November 2025. These include moratoriums on loan repayments, extended credit tenures, flexible working-capital rules, regulatory forbearance and relaxed FEMA timelines for export realisation.

"By merging fiscal incentives, financial facilitation, digital governance and regulatory flexibility into a single mission-mode framework, the government has created a powerful platform to enhance India's global trade competitiveness," the release said.

Source: economictimes.com– Dec 07, 2025

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CBAM changes trade rules: India needs carbon pricing, not exemptions

Discussion on global warming has existed since the early 1990s. For decades, this remained in the domain of conferences, treaties, and corporate social responsibility reports. Practical people often ignored it. Climate-change considerations first impinged upon the real world through the changed behaviour of the global financial system.

The mighty tycoons of the Indian business world moved away from fossil fuels because global finance showed them that the path to more wealth lay in renewables. And now, we are ready for the second big impact of climate-change considerations upon reality:

The carbon border tax. This will accelerate global decarbonisation, it will fight global warming, and as India stands to suffer greatly from global warming, this is good news for us. In January next year, the Carbon Border Adjustment Mechanism (CBAM) begins implementation in the European Union (EU). The global trading system is thus at a regime change where polluting firms are directly affected. This requires a reset in how we in India think about business strategy and trade diplomacy.

There is a misconception in some quarters that the CBAM is a form of protectionism. The analogy with value-added tax (VAT) is useful. VAT is a destination-based tax. It is levied where consumption occurs. There is tax neutrality: European producers and Indian producers are treated identically when selling in Europe.

The CBAM applies this same logic to carbon. The EU has a domestic price on carbon. If an Indian firm exports steel to the EU, and pays no carbon tax in India, the EU imposes a levy equivalent to the difference between the EU carbon price and the Indian carbon price. This gives tax neutrality: European producers and Indian producers are treated identically when selling in Europe. This is not protectionism.

As with VAT, the CBAM has virality. The United Kingdom has already signalled intent. We expect other nations of the Organisation for Economic Cooperation and Development will follow. Fighting this as a trade barrier is an intellectual failure. It is as futile as asking a trading partner to exempt its VAT-on-imports for Indian sellers into that country.

This creates a new landscape for Indian firms. In the pre-CBAM world, a firm could be a “pollution hero”. This is a firm that generates high profits by utilising dirty energy and imposing negative externalities. Current balance sheets in sectors like steel, cement, and aluminium reflect this distortion. Indian firms look better than global peers partly because the cost of pollution is not reckoned correctly.

This outperformance is a trap. When selling into CBAM countries, this pollution arbitrage vanishes. On average, Indian exporters have a disadvantage when compared with Chinese exporters, while selling into CBAM countries, because the share of renewable energy in Chinese electricity consumption is about three times higher than that in India. This gives Chinese producers a natural lower embedded carbon footprint. The failures of Indian electricity policy now harm the Indian exporter.

The global trade system is absorbing two shocks. There is Donald Trump, the reduced state capability in the United States (US). The second is the CBAM. These two forces require deep thinking. The response to the first shock — US protectionism — is to diversify partners. The EU is an economy roughly the size of the US. The EU remains committed to the wise post-war policy paths. India needs a deep trade agreement with the EU.

In trade negotiations, negotiating capital is a finite resource. In recent years, substantial diplomatic capital was expended in negotiations with the UK, with an objective to seek exemptions from carbon adjustments. This was a misallocation of effort. A deep trade agreement cannot be obtained when one seeks to carve out exceptions to fundamental fiscal principles like VAT or carbon border pricing.

The resulting treaty with the UK gave headlines, but it was not a deep trade agreement. It did not integrate markets in a way that reduces friction for high-value exchange. As we turn our eyes to the EU, we must avoid this mistake. To achieve a deep free-trade agreement with the EU, we must accept the CBAM as a boundary condition. Asking the EU to drop the CBAM undermines respect for Indian policymakers.

If the EU collects the carbon levy, the revenue goes to Brussels. If India collects the carbon levy, the revenue stays in New Delhi, and the exporter faces no additional charge at the EU border. The rational response to the CBAM is, therefore, the implementation of a domestic carbon-pricing framework.

India has initiated steps toward a Carbon Credit Trading Scheme (CCTS). While the intent is correct, the instrument selection warrants caution. A cap-and-trade system is theoretically elegant but institutionally demanding. It is a solution suited for advanced economy-style intellectual capacity and state capability. If the government remains committed to the CCTS path, better implementation is required. Building a functioning carbon market requires deep knowledge in financial markets, public finance, economics, and international trade law. We should not assume that the notification of a scheme equates to the solution of the problem.

The carbon tax is a superior alternative. It is administratively simpler. It can be made to integrate nicely with goods and services tax. It provides price certainty to firms planning capital expenditure.

We in India should rejoice: The world is making progress on fighting carbon-dioxide emission. The first phase was the financial system, which turned away from fossil fuels, which restrained the most powerful business people of India. Now the second phase is the CBAM. This comes in a difficult global context characterised by the protectionist impulses of the US and the regulatory rigour of the EU.

Navigating this requires intellectual clarity. We must stop viewing carbon adjustments as unfair trade practices and respect them at the level of VAT. This will interfere with the “pollution hero” model of corporate profitability. We need a trade strategy that embraces deep integration with the EU, and a domestic fiscal strategy that internalises carbon pricing through a simple, robust mechanism: The carbon tax.

Source: business-standard.com– Dec 07, 2025

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India needs to recalibrate export strategy, quickly

India's exports had a resilient run through the first half of FY2025-26, but the momentum seems to be softening. Much of this current stress has come from steep tariff hike by the US on exports from India, rendering them uncompetitive against the competing countries. Exports to the US market declined by 8.5 per cent in October, marking the second consecutive contraction since the imposition of the 50 per cent tariff at the end of August 2025.

These trends clearly point towards the urgent need for recalibrating the export strategy. The centrepiece of India's export reset must be market diversification. India needs to expand its foothold in trade corridors across West Asia, Africa, Latin America, Southeast Asia and parts of Europe. The government has been taking steps in this direction.

Trade agreements with the UK and EFTA have been concluded; deals with Oman and New Zealand are close to finalisation; and negotiations with the EU, Chile, Peru and the GCC are progressing. Unlike older FTAs, these partnerships are poised to bring multiple benefits of market access, enhanced investment flows, supply-chain integration and technology collaborations.

Diplomatic engagements will be extremely important in realising the potential gains from market diversification. The case of resurgence of India's marine exports despite the severe impact of high US tariffs shows how diplomacy has been a critical pivot in quick market diversification and resilience.

With the imposition of 50 per cent tariffs, the marine exports to the US declined by 33 per cent y-o-y in August and by 27 per cent y-o-y in September. Yet, overall exports of marine products have maintained positive growth, with exports to other key markets like China, Vietnam, Thailand, Japan and Belgium seeing a significant rise.

Other impacted sectors by the US tariffs also indicate some early market diversification trends. Gems and jewellery shipments to the Middle East and Asia are seeing a rise.

While some of the sectors have been able to see quick diversification, the others may take more time.

While embassies do engage in trade promotion activities, it is time that the task is primarily driven by private-sector trade specialists, who can be appointed as Export Promotion Partners with set targets and performance-based contracts. Promotion of India brand and hand-holding of Indian exporters (particularly MSMEs) by these partners can be a game-changer in enhancing exports.

Market access must also be supported through simultaneous bilateral engagements on addressing non-tariff barriers, specifically related to product standards and technical regulations.

India must also invest in global logistics corridors, including direct shipping routes to regions like Latin America and West Africa. A recent package for strengthening domestic shipbuilding industry is a welcome step.

Also, a significant increase in the present budgetary allocation for the RoDTEP scheme would be helpful for Indian exporters to remain competitive.

Indian industry will also have to raise its competitive benchmarks, by investing in technology, sustainability compliance, branding and local presence in key markets. With other competing nations like Vietnam, Indonesia, Turkey, Mexico, etc., pursuing globalisation aggressively, India would need to put in much more efforts to retain its competitiveness.

Source: thehindubusinessline.com– Dec 05, 2025

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GST 2.0: Buyers pick value apparel, upgrade durables

The post-GST 2.0 shopping basket is a study in contrast. The tax cuts have boosted sales in the value segment led by apparel retail, but activated premiumisation in durables and beauty categories.

Value Surge

According to retailers and mall operators, since the goods and services tax (GST) cut, there has been a surge in sales of apparel priced below Rs 2,500 after a two-year lull in demand. On the other hand, consumers have used GST cuts in durables and beauty to upgrade to better products.

The shift is showing up in the financial performance of companies. The Retailers Association of India (RAI), an apex body of retailers, has also corroborated this trend in its survey covering the August-October period where it noted that categories such as apparel, footwear as well as food and grocery saw a sharp uptick of about 9-12% in retail sales between September 22 and October 26 due to GST cuts.

“Value-led categories, including apparel under Rs 2,500 and footwear in the 12% GST slab, saw steady growth. But apparel priced above Rs 2,500, which moved from 12% to 18% GST slab, showed comparatively lower traction,” Kumar Rajagopalan, CEO, RAI, said.

Listed value fashion retailers such as V2 Retail, V-Mart, Vishal Mega Mart and Baazar Style Retail have together reported a 33% year-on-year revenue growth and double-digit same-store sales growth (SSG) in the September quarter, according to their Q2 results.

Premium apparel retailers such as Aditya Birla Fashion, Arvind Fashions, Vedant Fashions have reported a mixed performance during the quarter with 10-13% revenue growth and 7-9% SSG. The trend has continued into October and November, though December may see premium fashion do well on the back of weddings, experts said.

Premiumisation in durables and beauty

In durables, most brands such as LG, Samsung, Haier, Voltas and Godrej have reported strong double-digit growth (between 25-30%) in premium categories across home appliances between September and October

versus last year, according to data sourced from the industry. While beauty retailers such as Nykaa, Tira and Shoppers Stop continue to premiumise their beauty portfolios to tap discerning consumers, especially in urban areas.

"The growth in value fashion has been led in part by Gen Z consumers, who are looking to change their wardrobes often. At a broader level, price-conscious consumers have staged a comeback with the GST cut in apparel and footwear, which was timed with the festive season. In durables, consumers want to lock in purchases for a longer duration, so the GST cut in some categories and a broader need to upgrade have fuelled premiumisation," said Naveen Malpani, partner & leader, retail & e-commerce, Grant Thornton Bharat.

Pratik Dantara, chief investor relations officer and head of strategy at Nexus Select Malls, which runs 19 malls across the country, says that value retailers have also been aggressive in setting up stores to tap into the overall buoyancy in value fashion. Retail consultancies estimate that value retailers have added at least 100 stores in the first half of FY26, higher than most other segments.

"Like-for-like consumption growth in Q2 (for Nexus Select Malls) was over twice what it was in Q1 of FY26, driven by fashion, jewellery, beauty & personal care and electronics. This momentum is likely to sustain in the second half of the year as discretionary spending improves and categories such as value fashion booms," Dantara says.

Durables majors have been counting on the premiumisation wave to get even stronger in the second half, though rupee depreciation woes and the introduction of new energy efficiency norms may see price increases in the new year in categories such as refrigerators and ACs.

"There is a lot of interest among consumers for smarter appliances, keeping in mind connectivity requirements, efficiency, durability and service. I think going forward we would continue to see a significant uptick in what one would term as smart products," Jayant Balan, senior business leader at Voltas, said.

Source: financialexpress.com– Dec 07, 2025

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