IBTEX No. 154 of 2025 December 19, 2025

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USD	EUR	GBP	JPY
90.16	105.75	120.62	0.58

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INTERNATIONAL NEWS

US' textile & apparel import volume increases 2.5% in Jan-Sept

The US recorded a 2.54 per cent increase in the volume of textile and apparel imports across all fibre types, reflecting a gradual recovery in domestic demand after a year of contraction.

Imports totalled 78,770.941 million square metre equivalents (SME) during January–September 2025, compared with 76,818.244 million SME in the same period of 2024, according to data from the Office of Textiles and Apparel (OTEXA). Rising consumer spending on value-oriented and basic categories, along with inventory replenishment by retailers following earlier destocking, supported the growth in imports.

During the period, apparel imports edged up by 0.23 per cent to 19,364.100 million SME, from 19,320.307 million SME in January–September 2024, indicating cautious restocking amid still-selective consumer demand.

Imports of textiles (non-apparel) reached 59,406.840 million SME in January–September 2025, marking a stronger 3.32 per cent increase compared with 57,497.937 million SME in the corresponding period of 2024, supported by higher demand for home textiles, industrial fabrics, and intermediate inputs for downstream manufacturing.

The import volume of cotton products rose by 3.48 per cent to 13,118.375 million SME during the review period, compared with 12,676.616 million SME a year earlier, aided by stable cotton prices and steady demand for cotton-rich apparel and home products.

Imports of man-made fibre (MMF) products climbed to 63,809.348 million SME in January–September 2025, up from 62,339.840 million SME in the same period of 2024, reflecting continued substitution towards MMF-based products due to their cost competitiveness, performance characteristics, and wider application across apparel and technical textiles.

Meanwhile, US exports of textiles and apparel made from all fibre types eased by 0.90 per cent to 1,615.839 million kilograms during the review period, compared with 1,630.498 million kilograms in January–September 2024.

Apparel exports increased by 5.91 per cent to 535.152 million kilograms, supported by niche and higher-value segments. In contrast, fabric exports declined by 1.09 per cent to 315.291 million kilograms, while yarn exports dropped 6.58 per cent to 615.140 million kilograms.

Higher manufacturing and labour costs, coupled with a stronger focus on serving domestic demand for specialty and technical fabrics, reduced export competitiveness, while regional markets increasingly sourced lower-cost supplies from Asia and other emerging exporters.

In 2024, the country's textile and apparel imports by volume grew 15.23 per cent to 106,636.793 million SME. Apparel imports rose 5.95 per cent to 25,766.238 million SME, while textile imports surged 18.54 per cent to 80,870.554 million SME, driven by post-pandemic normalisation of supply chains and replenishment cycles. By contrast, US exports of textiles and apparel declined by 2.15 per cent to 2,149.686 million kilograms during the year.

Apparel exports fell 1.57 per cent to 681.355 million kilograms, fabric exports slipped 0.22 per cent to 718.272 million kilograms, and yarn exports decreased 1.76 per cent to 853.376 million kilograms. This widening trade gap underscores the US' continued dependence on imported textiles and apparel, given its consumption-driven market and limited domestic manufacturing capacity in labour-intensive segments.

In 2023, the US experienced a 12.28 per cent decline in the volume of textile and apparel imports across all fibre types, with total imports amounting to 92,783.400 million SME, as inflationary pressures, excess inventories, and cautious consumer spending weighed on import demand.

Source: fibre2fashion.com– Dec 17, 2025

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Tariffs, Trade Friction Push Mexico Air Cargo Down 3.9% Through October

Mexico's air cargo volumes for the first 10 months of year have contracted 3.9 percent to 1.01 million tons as the country has dealt with impacts from tariffs and some structural supply chain shifts.

International cargo volumes have seen a prolonged impact. From January to October 2025, cargo volumes from other countries dropped 4.7 percent year over year to 693,078 tons. Comparatively, domestic air cargo only saw a 2.1 percent dip, reaching 317,939 tons.

According to the country's Federal Civil Aviation Agency, Felipe Ángeles International Airport in Mexico City saw a 12.2 percent drop in total cargo throughout the year-to-October to 329,970 tons.

This weighed down the wider total as the hub is Mexico's largest air cargo airport by volume, taking in a 32.6 percent market share of tonnage throughout the country. That share gets even bigger when accounting exclusively for international cargo at 46.4 percent.

But the major dip throughout the year also marks a bit of normalization stemming from the relocation of cargo-only flights to Felipe Ángeles from Mexico City International Airport (MEX) starting in late 2022, which had been done to relieve congestion at the latter.

MEX showed continued recovery within its restricted operating framework by October, handling 22,606 tons in October, up 3 percent year over year. For the first 10 months of 2025, the airport posted 4.8 percent growth to 206,863 tons.

Across all major airports highlighted by the agency October saw a 1.4 percent bump in cargo volumes from the year-ago month to 113,642 tons, with the Felipe Ángeles airport's declines coming in at 4 percent.

For both the full year and the month, Toluca International Airport had the biggest drop off in cargo at 21 percent.

Guadalajara International Airport showed significant strength with a 3.9 percent increase in cargo to 151,303 tons in the first 10 months of the year. In October, the airport had the second largest recorded year-over-year jump across Mexico's major hubs, with cargo soaring 15.9 percent to 17,432 tons for the month.

Mexico's recent decision to slap tariffs as high as 50 percent on more than 1,400 China-originated products could further impact volumes entering the country. That decision is part of President Claudia Sheinbaum's goal to protect Mexican manufacturing industry from being undercut by foreign goods, and comes ahead of next summer's review of the United States-Mexico-Canada Agreement (USMCA).

Those tariffs are also expected to impact goods coming from other Asian countries including South Korea and India, in an indicator that demand for air cargo could remain rocky as wider spread duties kick in.

In August, Mexico raised duties for low-value shipments entering the country from 19 percent to 33.5 percent. These tariffs will apply to countries that have no trade agreement with Mexico.

The declines also endured as tensions mounted between Mexico and the U.S. over the relocation of air cargo flights from MEX to Felipe Ángeles. The Trump administration had accused the Mexican government of violating their 2015 bilateral aviation agreement when it conducted the relocation and rescinded some other flights.

In response, the Department of Transportation revoked approval for 13 flight routes operated by Mexican airlines between the two countries, and also issued an order to terminate the joint venture between Delta and Aeroméxico by Jan. 1. An appeals court temporarily halted the order in November.

The wider issue was largely resolved that month, with Mexico returning some slots to American air cargo carriers at MEX. Sheinbaum did not say how many slots U.S. airlines were granted back, but she said the Mexican airlines ceded some slots "in a framework of competitiveness."

Felipe Ángeles is considered less desirable for carriers since it further away from Mexico City than MEX, but the airport is gaining an outsized role due to its continued expansion efforts.

According to the airport's 2025-2030 development program, Felipe Ángeles' cargo area— which originally consisted of 16 warehouses and processing facilities with the ability to handle 570,000 tons per year—has since added six new warehouses. This expansion has increased the airport's total capacity to 810,000 tons annually.

Currently, the airport can accommodate five large freighter aircraft at once, but by early 2026, the number will rise to nine, allowing the airport to handle heavy cargo aircraft such as the Boeing 747-8F more efficiently.

Source: sourcingjournal.com– Dec 15, 2025

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Italy's Bill to Regulate Made in Italy Supply Chain Stalls

Italian policymakers have pushed back—for now—on a law regulating the Made in Italy fashion and luxury supply chain, which has been rocked by scandals over the past two years.

On Thursday, a Lower House Commission of Italy's Parliament scrapped fashion industry-specific amendments to the "Small-and-medium-sized Enterprises Bill," or "ddl PMI" in Italian.

The repealed articles outlined a voluntary certification system for fashion brands' value chains, aimed at ensuring legality and traceability throughout the entire production process, across all tiers of subcontracting.

Adopting companies meeting the organizational models for crime prevention and all compliance requirements were to be entitled to use the designation "Certified Fashion Supply Chain," under the supervision of the Ministry of Enterprises and Made in Italy and the Italian Competition Authority, AGC.

Industry associations Camera Nazionale della Moda Italiana, Altagamma, Confindustria Moda and Confindustria Accessori Moda issued a joint statement on Thursday expressing their frustration over the shelving of the proposal.

"While understanding the reasons that led the Ministry of Enterprises and Made in Italy to look for further analysis of the matter, we express regret and concern over the postponement of a regulatory measure of strategic importance," the four associations said. "We therefore reaffirm the urgency of adopting a national law on supply chain certification in a timely manner, an essential tool to protect workers, support businesses, strengthen the credibility of Made in Italy, and combat illegal practices."

Trade unions have been among the strongest opponents of these measures, billing them as an attempt on the part of the fashion sector to seek "legal immunity from prosecution" should wrongdoings emerge across their supply chains.

In a statement issued earlier this week, Marco Falcinelli, secretary general of the Filctem Cgil union, said that the "criminal immunity provision in Article 30 of the bill must be immediately removed. As a union, as political forces, and as civil society, we must work to create regulations and control systems that allow the fashion supply chain to certify compliance with labor standards and respect for human dignity."

Fashion associations continue to push back on that narrative.

"The proposed bill… does not include any criminal immunity provisions and remains a key reference point aimed at introducing a clear framework," they said in Thursday's statement. "This framework also includes the right to a fair hearing, a right guaranteed by our constitution, and seeks to promote transparency, accountability, and trust throughout the entire production chain, while at the same time ensuring certain and enforceable penalties for those who engage in illegal activities."

As reported, the Italian Parliament had been open to implementing such a measure in response to the number of probes that uncovered ties of luxury brands such as Loro Piana, Valentino, Dior, Giorgio Armani, and Tod's, among others, to subcontractors allegedly involved in sweatshop schemes, labor abuses and exploitation.

The repealed articles were previously passed by the Senate Commission.

Providing the rationale for the U-turn, Fabio Pietrella, a Lower House representative, a member of Prime Minister Giorgia Meloni's right-wing party Fratelli d'Italia, and who proposed the delay, said that it was "driven by responsibility and methodology: we aim to create a framework for the fashion supply chain that is truly shared, cohesive, and effective. As Minister [of Enterprises and Made in Italy] Adolfo Urso has reminded us, legality, traceability, and transparency throughout the entire fashion supply chain are strategic objectives for the country."

Industry associations have expressed their eagerness to collaborate with involved entities to move the conversation forward and eventually pass a bill.

Source: sourcingjournal.com– Dec 18, 2025

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UK clothing imports rise in October: ONS

UK's apparel sector is witnessing a cautious but definitive structural recovery, with the latest Office for National Statistics (ONS) data revealing a month-on-month rise in clothing imports for October 2025. While year-on-year figures showed a marginal dip of 3.1 per cent, the monthly rebound suggests that the aggressive inventory 'de-stocking' of 2023–24 has finally concluded. Brands are once again placing orders to meet a stabilizing consumer demand, as total apparel imports for the quarter ending October reached £5.4 billion - an 11.2 per cent increase over the previous year.

After nearly two years of lean inventory strategies triggered by the cost-of-living crisis, British retailers are recalibrating for a hybrid shopping era. Data from Mintel suggests, the UK clothing market will reach £67.8 billion by the end of 2025, supported by a "just-in-time" sourcing model that has seen lead times drop by 31 per cent. Retailers like Next and M&S have reportedly benefited from better-than-expected 'sell-through' rates during the summer and back-to-school periods, prompting a wave of re-ordering that boosted October's import volumes.

Structural shifts in the sourcing landscape

The recovery remains 'uneven,' however, as upstream segments like raw fibers and fabrics continue to fluctuate. While finished garment imports rose, fabric imports remained 4.2 per cent lower than 2024 levels, reflecting a shift toward importing completed goods rather than domestic manufacturing. Furthermore, the industry faces a 'K-shaped' labor challenge; while sales are recovering, retail employment has hit a record low of 2.76 million jobs. Analysts warn that while the 'worst is over' for trade volumes, the sector must now navigate a high-cost environment where operational efficiency is the only remaining lever for margin protection.

The ONS serves as the UK's executive office and largest independent producer of official statistics, providing the critical data infrastructure that informs British retail strategy. It is responsible for collecting and publishing statistics related to the economy, population, and society at national, regional, and local levels.

Source: fashionatingworld.com– Dec 18, 2025

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US' T&A imports stabilize at $80.5 billion in 2025

Despite the 'Liberation Day' tariff shockwaves initiated in April 2025, US textile and apparel imports have demonstrated remarkable resilience, stabilizing at $80.5 billion through the first three quarters. While the Trump administration's aggressive reciprocal duties successfully slashed Chinese shipments by 27 per cent, the strategy failed to curb overall foreign production influx. Instead, the market witnessed a massive regional realignment, as US buyers bypassed 30-40 per cent tariff brackets by rerouting orders to lower-cost Asian corridors.

The vacuum left by China's $11.7 billion contraction was rapidly filled by a 15.9 per cent surge in South-East Asian imports, which reached $24.3 billion. Vietnam and Bangladesh emerged as the primary beneficiaries of this tectonic shift in sourcing. Vietnam, now the US's second-largest supplier, posted a 14.6 per cent increase, while Bangladesh saw an even sharper 18.2 per cent jump. Industry analysts at OTEXA suggest this 'cluster sourcing' model is a direct reaction to the universal 10 per cent baseline tariff, as retailers prioritize high-volume nations that offer the narrowest margin erosion.

The cost of resilience: Margin headwinds in 2026

While supply chains remained intact, the financial toll is mounting. High-profile retailers like Victoria's Secret and Tapestry have reported projected tariff-related headwinds exceeding $260 million for the fiscal year. To avoid across-the-board price hikes, brands are accelerating 'Endless Aisle' and omnichannel technologies to optimize inventory and offset a 16.8 per cent average effective tariff rate - the highest since 1935. As the industry moves into 2026, the challenge shifts from finding new suppliers to absorbing a permanent 4 per cent to 7 per cent increase in landed garment costs.

The Office of Textiles and Apparel (OTEXA) is the primary federal body monitoring the health of the US fiber and garment industry.It is involved in tracking and publishing comprehensive data on US imports and exports of textiles, apparel, and footwear, while implementing trade preference programs. The organization monitors major global hubs including China, Vietnam, India, and the USMCA region (Mexico/Canada).

Source: fashionatingworld.com– Dec 18, 2025

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Most global cotton benchmarks stable over the past month

Most major cotton benchmarks showed limited movement over the past month, underlining a broadly stable global market, according to Cotton Incorporated.

Around late November, the NY/ICE March contract tested levels near 65 cents per pound but later retreated, settling closer to 63 cents per pound.

The A Index remained range-bound but drifted lower within that band, easing from around 76 cents per pound to about 74 cents per pound over the month. Chinese prices were comparatively firmer. The Chinese Cotton Index (CC Index 3128B) edged up from roughly 94 cents per pound to 96 cents per pound in international terms.

In domestic markets, prices mostly ranged between 14,750 and 15,000 RMB per ton, supported by a mild appreciation of the RMB against the dollar, as per Cotton Inc's Monthly Economic Letter - Cotton Market Fundamentals & Price Outlook - December 2025.

In South Asia, price trends were steady. Indian spot prices for Shankar-6 quality cotton held near 74 cents per pound, or around ₹52,000 per candy, while the rupee traded close to ₹89 per dollar. Pakistani spot prices were also stable at about 66 cents per pound, equivalent to roughly 15,300 PKR per maund, with the PKR holding near 281 per dollar.

Source: fibre2fashion.com– Dec 18, 2025

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High interest rates push UK shoppers from credit to debit cards: BRC

A significant decline has been observed in the use of credit cards, from 14.2 per cent of transactions to 12.6 per cent, as per the British Retail Consortium (BRC). With higher interest rates making credit cards a more expensive way to shop, consumers turned to debit cards where usage increased from 62.0 per cent to 64.0 per cent of transactions.

BRC has published its annual BRC Payments Survey, showing the changing way in which people made payments in 2024.

As the cost of living crisis eased, some customers returned to old habits. The weekly shop showed signs of a comeback with consumers making fewer but larger transactions. The total number of transactions fell from 20.9 billion to 20.4 billion while the average transaction value rose across all payment types.

While cash usage declined it still remains an important payment method for many customers, accounting for almost a fifth (19.2 per cent) of all transactions, though the average transaction value was significantly smaller than other payment methods. Despite their declining popularity, for larger transactions, consumers preferred using credit cards which offer additional protections for shoppers, as per the survey.

More shoppers were exploring less traditional payment methods than ever before, particularly for larger transactions. This included the use of gift vouchers, PayPal and Buy Now Pay Later.

Retailers and the BRC have long called out the significant, unjustified rise in the cost of processing card payments. Total card fees fell slightly in 2024 compared with 2023. However, at £1.48 billion (~$1.98 billion), the fees paid by retailers have more than doubled since 2019. In April, the Payments System Regulator proposed increasing transparency on fees charged to merchants and acquirers. This falls well short of what is needed.

Source: fibre2fashion.com– Dec 19, 2025

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Myanmar's Garment Sector is Woven in Fear, BHRC Finds

Since Myanmar's military seized power in a brutal coup d'état against the civilian government in February 2021, systemic, escalating and interconnected abuses against garment workers have defined the region's garment sector, according to data tracked by the Business and Human Rights Center (BHRC).

From the month following the attack until last fall, the BHRC tracked 665 allegations of abuse—exposing a high-risk operating environment characterized by near-total impunity for perpetrators—between March 2021 through October 2024, as released ahead of civil-war-torn Myanmar's 2026 general election.

The collapse of labor protections, military repression and workplace-level exploitation now reinforce one another—creating conditions where rights violations occur with near-total impunity, the London and New York-headquartered nonprofit found, per the briefing released on Dec. 18.

Just a week earlier, Amnesty International responded to accounts of an air strike on Wednesday night—also known as the evening of International Human Rights Day—reportedly on a hospital in Rakhine State, the human rights organization reported.

"Nowhere and no one is safe from the violence of the Myanmar military, which widening its repression ahead of an election later this month [and] has been marked by human rights abuses," Joe Freeman, Amnesty International's Myanmar researcher, said. "Almost five years after the military coup, the international community must take concerted, targeted and effective action to hold perpetrators [accountable]."

The briefing was powered by the organization's tracker of allegations against Myanmar garment workers. The tool, itself powered through collaboration with partners and allies inside and outside Myanmar, per the BHRC, "monitored the significant increase in labor and human rights abuses of garment workers across the country after the military takeover."

The organization found that forced and excessive overtime, gender-based violence, child labor, unsafe working conditions and retaliation against union activity have become systemic across the sector since the 2021 military coup "amid widespread repression and the collapsing of labor protections."

The BHRC saw worker abuses in post-coup Myanmar fall into one of three consolidated categories: intensified militarization and surveillance to suppress organizing; entrenched forced labor indicators like forced overtime and punitive wage practices; and the erosion of job security through increased casualization, unfair dismissals and child labor.

Other trends included pervasive gender-based violence and the collapse of freedom of association.

Taken together, these "interconnected dynamics" reflect the garment sector's accelerated exploitation amid the region's civic space collapse, the organization said—meaning that labor rights risks are not isolated incidents but systemic features.

"The evidence points to conditions in which protections have deteriorated so extensively that harmful practices can occur unchecked, and where workers face sustained exposure to coercion, insecurity and retaliation," the BHRC said. "These dynamics define a structurally high-risk operating environment."

On the coercive productivity front, the report found forced labor indicators to be "deeply embedded" in production systems across Myanmar's garment sector; mandatory overtime and escalating production quotas appeared in 349 of the cases (over 50 percent) with workers frequently (and reportedly) obliged to work overnight without adequate rest, meals or transport.

Meanwhile, inadequate security conditions exacerbate the exposures.

Workers described severe exhaustion, fainting and sleep deprivation due to limited rest between shifts, the BHRC found, noting that the refusal or inability to meet targets has reportedly led to verbal abuse , threats and punitive measures.

"Further entrenching coercive conditions" was the recurring denial of leave documentation, found in 233 cases (35 percent). The report also found that wage deductions were systematically used to discipline workers for things like refusing overtime, making mistakes or violating discretionary rules—a practice the BHRC said is indicative of an environment where economic coercion is routine.

“Precarity has intensified since the coup. Workers report rising use of day labor contracts—documented in 95 cases—allowing employers to avoid the legal obligations and benefits afforded to permanent staff,” the briefing reads. To that end, unfair dismissals were recorded in 211 cases (32 percent) and “continue to be used punitively.”

Workers reported being coerced into joining management-controlled Workplace Coordination Committees (WCCs) instead of independent unions. These committees have a reputation for reportedly denying workers the right to select their own representatives, thus subverting genuine collective dialogue, per the BHRC.

“These constraints on worker organizing are compounded by widespread audit manipulation, which further obstructs workers’ ability to communicate concerns to external monitors,” the organization said.

On the attacks on freedom of association front, the allegation tracker the allegation tracker detailed workers being coached on what to say to auditors, monitored by management—separate from an allegation detailing CCTV cameras installed in front of the restrooms—or prevented from speaking to inspectors altogether.

Not-so-tangentially, deteriorating health and safety conditions appeared in 297 cases (45 percent) with workers describing issues ranging from unsafe drinking water and leaking roofs to blocked emergency exits and inadequate ventilation—potentially playing out to heatstroke, among other illnesses.

Gender-based violence was reported in 242 cases (36 percent) with women workers reporting verbal abuse, harassment and retaliation—for refusing overtime or missing targets—with some incidents including physical assaults like hair-pulling and sexual harassment; another woman was called a dog.

“As with all conflicts, time will be a judge,” the BHRC said, noting that brands sourcing from Myanmar will be remembered for “whether they used their leverage to protect workers or enabled conditions under which violations deepened,” per the organization.

"In an environment where worker voice is suppressed and oversight obstructed, companies unable to demonstrate meaningful action to prevent harm will face unavoidable questions about whether their sourcing contributed to the coercive structures shaping the sector," the report reads.

Take, for example, an allegation from March 2021. It involved supplier Suntime JCK Company and one of the plant's employees, Zaw Zaw Htwe, a 21-year-old garment factory worker who was shot in the head by security forces during a protest in Shew Pyi Thar. At the time, BHRC contacted German label Engelbert Strauss as the workwear brand was a reportedly supplied by Suntime JCK; though the company didn't respond to the BHRC's request for comment until last September.

"We have been working with one partner business since 2015 in Myanmar—the one referred to in the two publications you sent us and which we would like to reply to," the letter, penned by Strauss Sustainability Team, reads. "We are continuously and carefully studying the production risks in Myanmar; in consultation with our production partner and numerous international and national stakeholders, we have concluded that, with heightened human rights due diligence, it is possible to manufacture in Myanmar."

At the same time, the findings also examined how international brands have responded, including exits from the country and continued sourcing without adapted due diligence— what the BHRC said raises questions about business responsibility in a conflict-affected environment.

"The future for Myanmar's garment sector workers hinges on whether brands act in line with the realities of working life in this context," the organization said. "Against a backdrop of coercion and weak protections, the question is not whether a company wishes to act responsibly but whether it can do so in practice—the responsibility now is clear: any continued presence must deliver demonstrable improvements for workers; any exit must be conducted to reduce rather than reproduce the well-documented harms."

Source: sourcingjournal.com– Dec 17, 2025

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Why the EU-Mercosur Trade Deal Matters for Luxury

Luxury industry concerns hit a peak this year after U.S. President Donald Trump announced his trade policy that involved a 15 percent tariff on all exports. Since then, leaders here have been banking on a reprieve that hinges on the swift approval of a crucial European Union deal with Mercosur, the South American bloc that includes Argentina, Brazil, Paraguay and Uruguay. This deal, for which talks commenced in 1999, could potentially create the world's biggest free-trade area.

Brazil, which is by far the biggest Mercosur nation with a population of about 213 million, is ripe for luxury expansion. The nation is currently highly protected with an applied customs duty averaging 13.5 percent, according to the European Commission.

On Wednesday, Italy's Prime Minister Giorgia Meloni said Italy won't sign off on the trade deal until further revisions are made to protect European farmers, who have expressed concerns about, among other issues, a potential flood of cheap imports.

"We believe that signing the [Mercosur] agreement in the coming days... is still premature," Meloni told the lower house of Italy's Parliament. Meloni added that Italy was waiting for additional measures that would protect the agricultural sector. She said that she also needed to discuss such changes with the nation's agricultural alliances.

"It does not mean that Italy intends to block or oppose it, but it intends to approve the agreement only when it includes adequate reciprocity guarantees for our agricultural sector," she added, highlighting that she was confident that these conditions would be met by the beginning of 2026.

President Emmanuel Macron echoed this. At a cabinet meeting on Wednesday, he said France would "firmly oppose" the European Union forcing through a trade deal with South American bloc.

Italy's Fashion Sector Reacts

On Wednesday, Italy's industrial federation Confindustria Moda responded to the delay, urging a speedy resolution.

"Swiftly bringing the Free Trade Agreement between the European Union and the Mercosur countries to a conclusion is a strategic priority for the entire European industry and, in particular, for Italy's textile–clothing–fashion value chain," the federation said in an emailed statement to WWD, adding that it is a key step in ensuring the sector's growth amid a challenging macroeconomic situation.

In 2024, sales of the fashion and connected industries (including textiles, clothing, leather goods, footwear, jewelry, eyewear and cosmetics) were down 3.6 percent to 92.4 billion euros compared to 2024, according to data compiled by Italy's Camera Nazionale della Moda Italiana. The loss of loyal customers as a result of higher prices and China's declining appetite for European luxury goods are also among major concerns for the industry going forward.

"We are not speaking merely of an agreement with significant economic repercussions, but of an essential political step: a signal of confidence in Europe's ability to act as a system and to pursue its own interests consistently after more than two decades of negotiations," Confindustria Moda added.

Brazil's Potential

In October, during São Paolo fashion week, Confindustria's fashion accessories confederation traveled to Brazil with a delegation that included the national eyewear companies' association Anfao, and leaders from Federlegno, the Italian wood supply chain. Together they outlined the potential of increased trade to the Brazilian market and vice versa.

"The trade agreement between the European Union and Mercosur represents a strategically important step for the fashion and accessories sector. Access to new markets can open up significant opportunities for our companies," Giovanna Ceolini, president of Confindustria Fashion Accessories, told WWD in an emailed statement.

Looking forward, Ceolini stressed the importance of a clear regulatory framework and effective tools capable of ensuring fair competition. "The companies we represent have been investing for years in sustainability, traceability, quality, and legality: fundamental values that must be protected."

In July, Federlegno, which represents the interest of luxury design firms, said in July that the deal would counterbalance the negative effects tariffs have had on Italian companies exporting to the U.S. under Trump's trade policies.

In total, Italy exported 73.6 million euros of fashion accessories to Brazil in 2024. In the first five months of 2025, levels totaled 32 million euros.

Overall, the South American bloc accounted for 7.5 billion euros of Italian exports, according to Confindustria.

Looking Ahead

The European Commission has said that the main goal of the deal is to increase bilateral trade and investment, and lower tariff and non-tariff trade barriers — notably for small and medium-sized companies. The commission also said that the deal could save EU companies 4 billion euros' worth of export duties a year.

According to the commission, the EU is Mercosur's second-largest trading partner in goods, with exports totaling 57 billion euros in 2024. The EU accounts for a quarter of total Mercosur trade in services, with EU exports to the region amounting to 29 billion euros in 2023.

The EU is also the biggest foreign investor in Mercosur, with a stock of 390 billion euros in 2023.

European Commission chief Ursula von der Leyen is scheduled to arrive in Brazil on Saturday to sign the agreement, which would create the world's biggest free-trade area.

Source: sourcingjournal.com– Dec 17, 2025

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From Farming to Fashion, the Trends Shaping the Cotton Industry for 2026

A year drawing to a close marks a time of reflection for many. And for two of the industry's relentlessly hopeful sectors—farming and retail—it's also a time to take stock and consider the outlook for next year.

In the farming branch, cotton prices have been stable but low, which has made it a tough time for growers. But this stability could benefit apparel makers and retailers that take advantage of the lower pricing.

"This stability in raw material pricing may be one bright point in the sea of uncertainty that has been facing the industry over the past year," said Cotton Incorporated's Jon Devine, senior economist, in an interview with the Lifestyle Monitor™.

By working with cotton instead of synthetic apparel, brands can both win over consumers and help their bottom lines after facing a host of challenges1 in 2025. Consider that nearly three-quarters of shoppers (74 percent) say their favorite fiber or fabric to wear is cotton, denim or a cotton blend, according to Cotton Incorporated's 2025 Lifestyle MonitorTM Survey. The survey completes 500 interviews per month with U.S. consumers between the ages of 13 and 70. Further, nearly six in 10 consumers (59 percent) say they would pay more for natural fibers such as cotton.

Devine explains that crop prices declined after surging during the pandemic and are now as low as they were pre-Covid. This puts growers in a bind though, since the cost of inputs have increased with inflation. The USDA estimates that costs have risen about 30 percent since 2019. The combination of weaker prices and higher costs has implied negative returns for many producers, Devine said.

The pricing issue stems from a number of factors. Firstly, China isn't importing as much as it used to. The Asian nation is the world's largest producer and spinner, but it grows less than its mills use, Devine said. Until recently, that made it the world's largest importer.

"After bringing in 15 million bales in 2023/24, which was the most in a decade, Chinese imports fell to levels near 5 million bales in 2024/25," Devine said, adding that China's imports are expected to continue at that pace. "At the same time, there has been an increase in supply, primarily the result of more cotton being grown in Brazil, which has more than tripled the size of its crop over the past 15 years."

The combination of the pullback from China and the increased supply have created price competition in the international market—and pushed prices lower.

Indigo Ag's Ewan Lamont, head of sustainability solutions at the Boston-based agricultural technology solutions provider, says regenerative agriculture could help improve profitability for growers.

"Today, the real profitability of a crop is dictated not just by the futures price, but by premiums and discounts based on fiber quality, a metric increasingly held hostage by extreme weather," Lamont said in an interview with the Lifestyle Monitor™. "The 2024 season illustrated this volatility in Arkansas, where two hurricanes struck within three weeks, degrading crop quality and erasing potential margins."

"Regenerative agriculture practices offer a critical pathway to long-term profitability and crop resilience," Lamont continued. "Although implementation often requires upfront investment and patience because soil health does not improve overnight, mature systems that utilize practices like cover crops create a vital buffer against droughts and floods. By reducing plant stress over time, these practices maintain fiber quality and build a natural hedge against volatility, turning regenerative cotton into a strategy for both sustainability and long-term risk management."

In contrast to the '24 season, Devine said the 2025/26 crop year has benefitted from some improvement in the weather. Drought conditions that were present for several years in West Texas, the largest growing region in the U.S., were less severe this season. This helped reduce the percentage of acres that were not harvested or abandoned.

Outside of West Texas, Devine related that despite intermittent issues with excess rainfall, national yields are expected to be higher, adding that estimates for the U.S. crop have been increasing. It's a double-edged sword though: Higher yields can increase producer revenue, but the bigger crop also brings additional cotton to the global export market, which can put further weight on prices.

Looking ahead, Devine expects cotton prices to remain relatively stable, if low, as the supply and demand situation is not expected to change dramatically for the foreseeable future.

"Brazil is expected to continue to produce record or near-record harvests," Devine said. "U.S. acreage has shifted lower in response to lower prices but may not decrease too much from recent levels. Other exporters, like Australia, are also facing profitability challenges but can be expected not to change their production too drastically."

Devine says the glut in supply could be helped if global mill use increases. However, he points out, changes in trade policy pose significant questions for downstream markets.

"Higher tariffs remain in place for U.S. imports, with many sourcing locations subject to 20 percentage point increases," he said. "This now includes China which, in statements from U.S. officials and in U.S. policy changes earlier in the year, appears to be targeted for duties that would be higher than most other countries. There have also been arguments made in front of the Supreme Court regarding the legality of the justification used to implement tariffs. The timing and direction of the court's decision remain unknown.

"In the meantime," Devine continued, "uncertainty in tariff policy and the costs posed by higher tariffs have created concern about a pullback in U.S. apparel demand, which could limit the ability of global cotton use to move higher in the near term."

Devine also pointed out that while the U.S. is the world's largest market for apparel, it is still just one market. Europe has been struggling with growth since Covid, but has seen economic growth with changes in government spending. Meanwhile, China continues to suffer from sluggish consumer spending as decreases in housing prices weigh on personal finances.

"As a result, the outlook for global macroeconomic growth is somewhat muted," Devine said. "With ample exportable supply, the outlook for cotton prices could be more of the same."

Indigo Ag's Lamont says brands could help increase cotton demand since they're under pressure to not only address and decarbonize scope 3 emissions, but also to mitigate changes in the environment.

"Many household names in the U.S., including The North Face, are investing in regenerative agriculture across the value chain to improve resiliency and shore up their cotton supply," Lamont said.

"That being said, growers need a consistent message of support from suppliers and designers. Fashion companies should look to support farmers. Cotton grows in rotation with other crops, creating opportunities for shared investment in more resilient supplies, sustainable operations and shared benefits."

Source: fibre2fashion.com– Dec 15, 2025

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Vietnam: Garment-textile sector adjusts development strategy to adapt to global volatility

The garment and textile sector of Vietnam has recalibrated its development strategy amid rapid changes in policies, markets and supply chains, said Vietnam Textile and Apparel Association (VITAS) Chairman Vu Duc Giang at a seminar held on December 16 as part of the HanoiTex & HanoiFabric 2025.

Giang noted that rising logistics costs, stricter compliance requirements, shifting purchasing policies in major markets, tariff measures and sustainability demands are exerting growing pressure, making strategic repositioning in the medium and long term.

To address these challenges, the sector has successfully implemented three core strategic pillars. Export market diversification has reduced reliance on traditional markets, with Vietnamese textile and garment products now reaching 138 markets worldwide, enhancing resilience to external shocks.

At the same time, enterprises have diversified partners and customers, improving negotiating capacity and reducing dependence on a small number of major brands. Product diversification has also accelerated, with a shift from simple processing to higher-value products tailored to increasingly segmented market demand.

To support these pillars, the sector is rolling out five key solution groups, he stated, adding that prominent among them is green transition, with sustainable development regarded not merely as a compliance requirement but as a prerequisite for deeper participation in global value chains. The sector is also stepping up the application of science and technology, automation, robotics and artificial intelligence to improve productivity, quality and long-term competitiveness.

Strengthening supply chain linkages remains another priority, focusing on developing domestic supply sources, enhancing governance capacity and promoting experience-sharing with international partners. The sector's trade surplus is forecast to exceed 20 billion USD in 2025, reinforcing its role as a pillar export industry.

Giang said the evolving context is opening up new opportunities, particularly in diversifying markets, customers and products. However, these opportunities can only be realised if enterprises strengthen their capacity to engage more deeply in global value chains, especially in design, technology, materials and brand building.

Tran Thanh Hai, Deputy Director of the Agency of Foreign Trade under the Ministry of Industry and Trade, said that despite continued global uncertainties, Vietnam's textile and garment enterprises have demonstrated resilience and adaptability. He noted that reciprocal tariffs imposed by the US have prompted the sector to restructure and upgrade value, with many firms shifting towards higher value-added and more technically sophisticated products while expanding market diversification.

However, he warned that the sector still faces mounting challenges, including increasingly complex trade barriers, stringent requirements on traceability, carbon emissions, circular economy practices and social responsibility, as well as intensifying regional and global competition. Persistent weaknesses in the localisation of raw and auxiliary materials, particularly in weaving, dyeing and finishing, continue to constrain domestic value added.

Hai called for restructuring towards higher value, stronger domestic supply chains, more effective use of free trade agreements, green transition as a core competitive advantage, and accelerated human resource development and digital transformation. The Ministry of Industry and Trade will continue to support the sector in maintaining its position as a key export driver.

In 2025, Vietnam's textile and garment exports are estimated at 46 billion USD, up 5.6% year on year, helping the country remain among the world's top three textile and garment exporters.

Source: vietnamplus.vn – Dec 17, 2025

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NATIONAL NEWS

TEXPROCIL Welcomes Signing of India–Oman Comprehensive Economic Partnership Agreement (CEPA)

Shri Vijay Agarwal, Chairman, TEXPROCIL welcomed the signing of the landmark India–Oman CEPA in Muscat today (18 December, 2025).

With tariff-free access for ~98% of Indian goods, the FTA will enhance

- India's competitiveness to strengthen in T&C sector
- help capture a larger share of Oman's textile market
- create immense opportunities for apparel, home textiles, fabrics & yarn

Shri Agarwal expressed his gratitude to the Hon'ble Prime Minister Shri Narendra Modi ji for his visionary global leadership, and to Shri Piyush Goyal ji, Hon'ble Minister for Commerce & Industry, for his proactive role in steering this transformative initiative that will greatly benefit Indian exporters

Source: Texprocil Intelligence– Dec 18, 2025

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India, Oman sign Comprehensive Economic Partnership Agreement

India and Oman today signed a Comprehensive Economic Partnership Agreement (CEPA) in Muscat.

This is the first bilateral agreement that Oman has signed with any country since the one with the United States in 2006.

The agreement was signed by Indian Commerce and Industry Minister Piyush Goyal and Oman’s Minister of Commerce, Industry and Investment Promotion Qais bin Mohammed Al Yousef in the presence of visiting Prime Minister Narendra Modi and Sultan of Oman Haitham bin Tarik.

Bilateral trade between the two countries stands at over $10 billion, with strong potential for expansion under the CEPA framework, a release from the Indian Ministry of Commerce and Industry said.

This is the second free trade agreement that India signed in the last six months after the one with the United Kingdom. It is a part of strategy to sign trade agreements with developed economies that are not competing with India's labour-intensive interests and provide opportunities for Indian businesses, the release said.

The CEPA secures unprecedented tariff concessions for India from Oman. Oman has offered zero-duty access on 98.08 per cent of its tariff lines, covering 99.38 per cent of India’s exports to the country.

All major labour-intensive sectors, including textiles, leather, footwear, sports goods, plastics, furniture, agricultural products, engineering products, receive full tariff elimination. Out of the above, immediate tariff elimination is being offered on 97.96 per cent tariff lines.

India is offering tariff liberalisation on 77.79 per cent of its total tariff lines that covers 94.81 per cent of India’s imports from Oman by value. For the products of export interest to Oman and that are sensitive to India, the offer is mostly a tariff-rate quota (TRQ)-based tariff liberalisation.

To safeguard its interest, sensitive products have been kept in the exclusion category by India without offering any concessions, especially agricultural products, including dairy, tea, coffee, rubber, and tobacco products; gold and silver bullion, jewellery; other labour-intensive products such as footwear, sports goods; and scrap of many base metals.

India's services sector will also see wide-ranging benefits. A major highlight of the CEPA is the enhanced mobility framework for Indian professionals.

Provisions in the agreement also address non-tariff barriers persisting despite tariff concessions, limiting real market access.

Source: fibre2fashion.com– Dec 18, 2025

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India's Ministry of Textiles & NICDC hold stakeholder meet on PM MITRA

The National Industrial Corridor Development Corporation (NICDC) and the Indian Ministry of Textiles conducted a stakeholder consultation meet to explore partnership opportunities for the development of PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks under the Design, Build, Finance, Operate and Transfer (DBFOT) model.

The consultation forms part of an ongoing series of market-sounding engagements aimed at building a robust, market-aligned framework to ensure timely and effective implementation of the PM MITRA scheme, the Ministry of Commerce and Industry said in a press release.

The meet focused on engaging prospective master developers for three greenfield PM MITRA Parks proposed under the PPP/DBFOT model. These include the Lucknow park in Uttar Pradesh spread over 1,000 acres with strong multi-modal connectivity, the Kalaburagi park in Karnataka covering 1,000 acres with proximity to NH50 and key regional hubs, and the Navsari park in Gujarat spanning 1,142 acres with strategic access to ports, road, rail and airport infrastructure.

Addressing stakeholders, Neelam Shami Rao, Secretary, Ministry of Textiles, encouraged active industry participation and shared suggestions to strengthen collaboration for successful development and implementation. Additional Secretary Rohit Kansal highlighted PM MITRA as a transformational initiative, noting that the parks are being developed as integrated textile ecosystems of at least 1,000 acres each. He said Detailed Project Reports worth about ₹5,567 crore (~$6.18 billion) have already been finalised for the three states under the PPP mode.

Rajat Kumar Saini, NICDC CEO and managing director, outlined the scheme's 5F vision and pointed to strong industry response, with investor interest exceeding ₹20,054 crore (~$22.25 billion) across the three states, led mainly by the composite textile segment.

He emphasised the government's focus on globally competitive infrastructure, including plug-and-play facilities, testing laboratories, single-window clearances, integrated logistics, social infrastructure and reliable grid-connected clean power, enabling end-to-end value chain integration.

The consultation saw participation from domestic and international master developers and industry stakeholders. Discussions covered utilities planning, Common Effluent Treatment Plant (CETP) and Zero Liquid Discharge (ZLD) integration, modular plot development, and creating an ecosystem supportive of both MSMEs and large anchor units. Participants expressed confidence in the PM MITRA framework and optimism about its implementation, added the release.

Seven PM MITRA Parks have been announced across Tamil Nadu, Telangana, Gujarat, Karnataka, Madhya Pradesh, Uttar Pradesh and Maharashtra. Inspired by the Prime Minister's 5F vision, the parks are expected to attract nearly ₹70,000 crore (~$77.66 billion) in investments, generate around 10 lakh jobs per park, reduce logistics costs, boost FDI and strengthen India's global competitiveness in textiles.

Source: fibre2fashion.com– Dec 18, 2025

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Can cotton duty relief blunt US 50% tariff hit on Indian apparel?

The Confederation of Indian Textile Industry (CITI) has issued a high-stakes call to the government, asserting that the permanent removal of the 11% import duty on cotton is no longer a policy preference but a strategic necessity to bridge a widening pricing gap. As Indian exporters face a devastating 50% tariff in the United States, the industry argues that eliminating raw material taxes is the only immediate way to survive an increasingly protectionist global trade environment.

The Pricing Gap Crisis: Navigating the 50% US tariff wall

The most critical challenge facing the Indian textile and apparel (T&A) sector is the sudden loss of price competitiveness in its largest market. Effective August 27, 2025, the US implemented a 50% tariff on a broad range of Indian textile imports, combining a 25% reciprocal duty with an additional 25% penalty. This has created a massive pricing disparity between Indian goods and those from nations like Vietnam and Bangladesh, who benefit from lower or zero duties.

Export Market Reality

Category	Impact Value / Percentage
US Tariff on Indian Apparel	50% (Standard duty + Surcharge)
Pricing Gap vs. Competitors	30% to 35% Higher Cost
Oct 2025 Apparel Export Growth	-12.88% (Y-o-Y)
Oct 2025 Cotton Textile Growth	-12.92% (Y-o-Y)

Source: DGCIS / CITI Industry Intelligence

This pricing gap is leading to a rapid diversion of orders as US buyers, sensitive to the 30% cost difference, shift procurement to Southeast Asian hubs. CITI emphasizes that while the 50% tariff is an external factor, the 11% import duty on cotton remains a domestic handicap that the government can control to narrow this gap. The impact is already stark, with one-third of textile exporters reporting that their turnover has halved following the imposition of these tariffs.

Analyzing the Merit: Duty removal as a competitive buffer

CITI's case for scrapping the duty rests on the premise that Indian mills must have access to cotton at international parity prices. Currently, the 11% duty keeps domestic cotton prices artificially high, often trading at a premium to the global Cotlook 'A' Index. By removing the duty, the industry could reduce its yarn and fabric production costs by roughly 6% to 8%, providing a vital cushion that allows exporters to lower their quotes.

Cost Comparison: Why Duty-Free cotton matters

Cost Component	**With 11% Import Duty**	**With Duty Scrapped (Proposed)**
Raw Material Cost	~₹62,000 per candy	~₹56,000 per candy
Yarn Production Cost	High (Uncompetitive for exports)	Reduced by 6–8%
Export Pricing Margin	Squeezed (Loss-making at 50% tariff)	Improved (Helps absorb tariff shock)
Ability to fulfill ELS Orders	Restricted / Expensive	Seamless for high-value apparel

This reduction helps exporters stay in the "consideration set" for global retailers who are currently exiting the Indian market due to price. While the government extended the duty exemption until December 31, 2025, the industry is pleading for a permanent waiver to stabilize the long-term fiber and yarn supply chain.

Redesigning Fiber Dynamics: Balancing supply and farmer interests

The primary challenge to this plan is the perception of its impact on domestic cotton farmers, yet the context of the 2025-26 season suggests the duty is not the farmer's primary shield. Initial estimates for the season suggest a 2.4% dip in production to approximately 305 lakh bales due to unseasonal rains, a shortfall that naturally pushes domestic prices up and widens the gap with global rates.

Furthermore, the government has already protected farmer interests by hiking the Minimum Support Price (MSP) for long-staple cotton to ₹8,110 per quintal, an increase of nearly 8%. Industry leaders argue that the MSP, managed by the Cotton Corporation of India (CCI), is the appropriate tool for farmer protection rather than an import tax that cripples the downstream value chain. Additionally, the quality gap remains a factor since India produces limited quantities of Extra-Long Staple (ELS) and contamination-free cotton, making duty-free imports essential for manufacturers sourcing specific fibers for premium global brands.

The growth plan under pressure

The Indian textile industry is a cornerstone of the national economy, contributing 2% to total GDP and 11% to total manufacturing output. Under the "5F" Vision, the government aims to scale textile exports to $100 billion by 2030. However, large Indian retail houses and exporters are finding these investments at risk if core manufacturing units become unviable due to raw material costs.

The next step

As the December 31 deadline for the current duty waiver approaches, the industry remains on edge. CITI maintains that a permanent removal is the only way to signal stability to global buyers and prevent an irreversible loss of market share to regional competitors.

Source: fashionatingworld.com– Dec 17, 2025

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India bucks US tariffs with November exports surge: What is behind the numbers, is it sustainable

India US Trade in November 2025: A combination of factors led to a 22 per cent surge in India's exports to the US market in November after two consecutive months of decline in September and October. This made November one of the strongest months on record despite the 50 per cent US tariffs that have left a broad range of products uncompetitive in the American market. While exporters seem resilient, data suggest that it could be short-term factors and a trade deal could still be necessary for sustained growth.

Exports in November surged to the US as well as other markets, particularly China and Hong Kong, and to several European markets. Exports indicate strong signs of diversification, but exporters may have also benefited from the recent tensions between China and Japan. Indian exports, particularly seafood, have surged to China as Beijing has begun restricting imports from Japan. Indian exports to China jumped 90 per cent and to Hong Kong by 35 per cent last month.

Exports to European countries have also been on the rise ahead of the implementation of the Carbon Border Adjustment Mechanism (CBAM) from January 1. The new tax will raise duty on Indian engineering products from next year. In what typically triggers stocking, Indian exporters of engineering goods grew by 30 per cent, and exports to Germany, Spain, and Belgium surged 25 per cent, 180 per cent and 30 per cent, respectively.

Exporters absorbing costs to retain access in US

One of the prime reasons for the surge in Indian exports to the US is that exporters are hoping for a deal soon and are bearing the tariffs-related cost to maintain market access in anticipation of a trade deal.

The first part of the deal, where the US would revoke 25 per cent tariffs, is expected, as India has stepped up crude imports from the US, signed an energy deal agreeing to source 10 per cent of its LPG imports from the US and is set to open its nuclear sector, which has been among the key US demands.

However, exporters have said that they are no longer receiving fresh orders and most orders will end by December. This could have a long-term impact, as Indian competitors such as Vietnam and Bangladesh have begun receiving orders that are moving away from India. Exporters from Tiruppur, for instance, said that they have lost nearly Rs 7,000 crore worth of winter orders from the US that will have a long-term impact on the manufacturing hub.

Base effect and Red Sea challenge

The nearly 20 per cent surge in cumulative goods exports in November has come due to a low base. Exports in November last year began bearing higher costs due to the Red Sea crisis that began in October 2024. The attacks carried out by the Houthi rebels had brought shipping through the crucial region to a standstill within weeks, resulting in shortages of containers and much higher costs due to the use of longer routes via the Cape of Good Hope.

Notably, large shipping companies continue to avoid the Red Sea shipping route, but the ceasefire agreements in Gaza have resulted in hope for reduced Houthi attacks. The Suez Canal Authority had said in a statement last month that Maersk container ships will resume transit via the canal on a partial basis from the beginning of December, before a full return, but a Maersk spokesperson said the company had not set a date, Reuters reported last month.

Growth in electronic & engineering exports from India

Tariff-exempted goods such as electronic and drugs and pharmaceuticals grew 38 per cent and 20 per cent respectively. These categories likely resulted in a growth in exports to the US in November and are expected to continue going forward. Moreover, the US added more items, such as tea, coffee, spices, among other food items, to the exempted category. Exports across these categories also logged sharp growth.

Even engineering goods exports seem to have stabilised in November, growing over 30 per cent. This is the largest category of Indian exports, and India has been seeing an export surge to European countries in the last few months, as stated earlier.

Rupee depreciation aiding exporters

The sharp rise in exports in November also comes amid a rapid weakening of the rupee against the US dollar, with the 90-dollar mark being breached earlier this month in December. A weaker rupee is good for exporters as it makes Indian goods and services cheaper for foreign buyers.

The rupee, which hit a fresh all-time low on Monday after it fell to 90.79 per dollar during the day, was 5.6 per cent lower in November against the US dollar compared with the same month last year. This is despite the greenback having weakened sharply by almost 8 per cent over the last 12 months.

Source: indianexpress.com– Dec 18, 2025

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India's free trade agreements: An explainer

India on Thursday signed a trade pact -- Comprehensive Economic Partnership Agreement (CEPA) -- with Oman, its 17th deal so far as the country aims to boost bilateral trade and investments.

Other regions and countries with which India has signed such agreements include the four-nation European bloc EFTA, Japan, Korea, and Australia.

Since 2014, India has signed six trade pacts with Mauritius, the UAE, Australia, EFTA, and the UK.

It's an economic arrangement between two or more countries where they agree either to end or significantly reduce customs duties on the maximum number of goods traded between them, besides cutting down non-trade barriers on a significant value of imports from partner countries and easing norms to promote services exports and bilateral investments.
Benefits of FTAs

Zero-duty entry into partner country markets helps in the diversification and expansion of export markets.

Such pacts attract foreign investment to stimulate domestic manufacturing. They allow access to raw materials, intermediate products and capital goods for value-added manufacturing.

FTAs signed by India so far

India has inked trade deals with Sri Lanka, Bhutan, Thailand, Singapore, Malaysia, Korea, Japan, Australia, the UAE, Mauritius, the 10-nation bloc ASEAN (Association of Southeast Asian Nations), and four European nations' bloc EFTA (Iceland, Liechtenstein, Norway, and Switzerland).

In addition, India is negotiating trade agreements with a number of its trading partners, including the US, New Zealand, the European Union (EU), Chile, Peru, and Israel.

India-Oman CEPA

Oman will remove taxes or customs duties on India's labour-intensive products such as textiles, gems and jewellery, leather, footwear, sports goods, plastics, furniture, agricultural products, engineering goods, pharmaceuticals, medical devices, and automobiles.

On the other hand, Oman will get duty concessions with quotas on products such as dates, marbles, and petrochemicals. India is offering tariff liberalisation on 77.79 per cent of its total tariff lines (12,556) or product categories that cover 94.81 per cent of India's imports from Oman by value.

It is expected to come into force from the first quarter of the next fiscal year.

Bilateral trade between India, Oman

India's exports stood at $4.1 billion in FY25, led by naphtha ($747.6 million) and petrol ($561 million), alongside calcined alumina ($313 million), machinery ($231 million), aircraft ($165 million), rice ($182 million), iron and steel articles ($120 million), beauty and personal care products ($128.6 million) and ceramic products ($79.9 million).

While imports were $6.6 billion, it was dominated by crude oil ($1.1 billion), liquefied natural gas ($1.1 billion), and fertilisers ($1.1 billion).
Exclusion or negative list

To safeguard its interest, sensitive products have been kept in this category by India without offering any concessions.

It includes 2,789 tariff lines. It also includes agriculture products such as dairy, tea, coffee, rubber, and tobacco products; gold and silver bullion, jewellery; chocolates; and other labour-intensive products such as footwear, sports goods; and scrap of many base metals.

Source: thehindubusinessline.com– Dec 18, 2025

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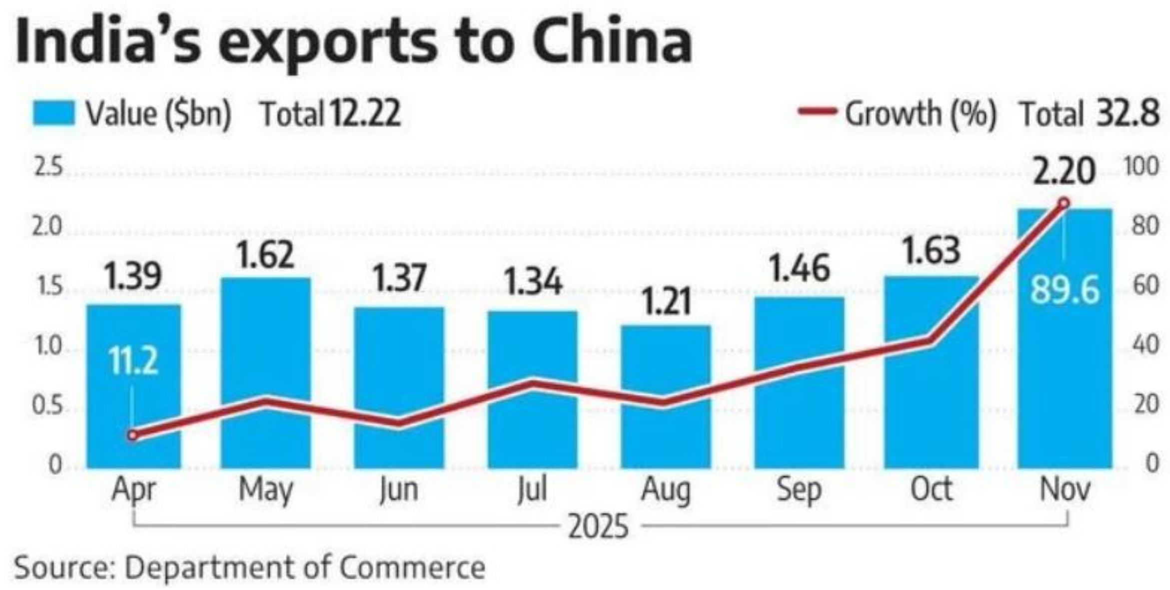
Outbound shipments from India to China surge to $12.22 bn in Apr-Nov

Outbound shipments from India to China grew by nearly a third to $12.22 billion during April-November 2025, compared to the same period in the previous year, signalling early signs of a shift from the American market.

China is India's fourth largest export destination, accounting for 4 per cent of the country's total exports.



In November alone, exports to China witnessed 90 per cent growth to $2.2 billion.

While disaggregated data for November is not available, during April-October, the growth was driven by sharp increases across key sectors such as petroleum products, electronics and marine exports.

The growth trend in China's imports from India over the last three-four months indicates a shift away from the United States (US), a senior government official told Business Standard.

After reaching $21.26 billion in FY22, India's exports to China gradually declined to $14.25 billion in FY25.

Another official said that the sharp increase highlights strengthening trade momentum with China. This is because of higher demand across key commodity segments and improved export performance over the period.

Exports of petroleum products saw the biggest jump. It more than doubled with a growth of 121.25 per cent during April-October to $1.62 billion from the same period in the previous year.

This was followed closely by electronic goods, registering 158.95 per cent growth to $1.35 billion, reflecting rising demand for electronics. According to an internal analysis done by the department of commerce, marine products saw a steady increase with 19 per cent growth to $0.85 billion.

Exports of oil meal, mica and coal, among others, also contributed to the overall rise.

Trade economist Biswajit Dhar said that there's a clear signal that China is certainly moving away from the US.

"Clear signs have been evident since Donald Trump's first term. In 2017, China's exports to the US were 19 per cent of its total exports. By November this year, it was down to 10 per cent.

Similarly, US imports from China declined from 20 per cent in 2017 to about 9 per cent now. With or without Trump (in the office), China has been shifting away from the US and seeking new markets – and India is among them," Dhar said.

Source: business-standard.com– Dec 17, 2025

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FTA shield in turbulent times: How India is locking in growth as global tariff walls rise

In a year defined by shifting global alliances and the rise of protectionist trade barriers, India has successfully anchored its economic growth through a strategic network of free trade agreements and sweeping domestic reforms.

Official data released this Thursday confirms that these efforts are yielding tangible results.

In November 2025, India's total exports surged by 15.52% year-on-year to reach $73.99 billion, while total imports remained largely stable at $80.63 billion.

This resulted in a remarkable 61% narrowing of the trade deficit to just $6.64 billion, signaling a more balanced and resilient trade position in a volatile international market.

Strengthening global footprints

A cornerstone of this stability is the Comprehensive Economic Partnership Agreement (CEPA) with Oman, signed on December 18, 2025.

This landmark deal provides India with duty-free access for over 98% of its tariff lines, essentially covering nearly all Indian exports by value.

Beyond the traditional exchange of goods, the pact is notable for a historic first: Oman has made a comprehensive commitment to recognise and supply traditional medicine (AYUSH) across all modes of trade.

This breakthrough provides a major platform for India's wellness and traditional healthcare sectors to expand globally while simultaneously opening doors for Indian professionals in fields like architecture, taxation, and medicine to work more freely in the Gulf region.

While traditional markets remain important, India's export growth is increasingly driven by a diverse range of partners. In November 2025, merchandise exports rose to $38.13 billion, a 19.38% increase from the previous year, while services exports grew by 11.67% to $35.86 billion.

This balanced growth means that services now constitute nearly half—48.47%—of India's total export basket.

Geographically, while demand from the UAE and Japan rose significantly, Hong Kong emerged as a standout partner with a staggering 69% growth rate.

This geographic diversification is matched by strong performance in high-value sectors; the gems and jewellery industry saw a 27.8% growth during the month, while the pharmaceutical sector—often called the "Pharmacy of the World"—grew by 20.19%, reaching patients in more than 200 countries including regulated markets such as US, West Europe and Japan.

This international momentum is being mirrored by the Comprehensive Economic and Trade Agreement (CETA) with the United Kingdom, which provides duty-free access for 99% of Indian exports.

A critical component of the UK partnership is the Double Contribution Convention, a standalone agreement that eliminates the burden of dual social security payments.

Navigating the "reciprocal" tariff wall

The urgency behind these agreements is underscored by the dramatic shift in American trade policy under the Trump administration 2.0.

In 2025, the US implemented an aggressive "reciprocal tariff" regime, which escalated to a combined 50% duty on most Indian goods by August.

This total was reached through a 10% baseline duty, a 25% reciprocal tariff, and an additional 25% penalty specifically targeting India's continued purchase of Russian oil.

While strategic sectors like pharmaceuticals and electronics were largely exempted to protect US supply chains, labor-intensive industries like textiles and leather faced a near-embargo level of taxation.

By locking in zero-duty access to markets like Oman and the UK, India is creating "trade insurance" that allows these vulnerable sectors to bypass the US tariff wall and maintain their global competitiveness.

Revolutionising the domestic ecosystem

On the domestic front, the "Next Gen GST 2.0" reforms, which took effect on September 22, 2025, have fundamentally altered the tax landscape for exporters.

By consolidating tax slabs into a simplified structure, the government has reduced compliance complexity and lowered the cost of production for essential sectors like textiles and packaging.

A key feature of these reforms is the automated 90% provisional refund for zero-rated supplies, which ensures that exporters maintain healthy cash flows without the long delays that previously hampered small businesses.

Complementing these tax changes is the implementation of the four unified Labour Codes, which streamlined 29 colonial-era laws into a modern framework.

These codes offer exporters the flexibility needed to respond to global demand fluctuations—such as easier fixed-term employment and simplified single-window registrations—while guaranteeing workers a national floor wage and social security.

Supported by the Rs 25,060-crore Export Promotion Mission, these internal upgrades are ensuring that India is not just signing deals, but is also building the competitive infrastructure necessary to thrive as a reliable global trading partner.

Source: economictimes.com– Dec 18, 2025

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Weak Indian rupee is good for export, but not as good as it seems

The RBI's firm intervention shored up the rupee yesterday when it rebounded to close 65 paisa stronger at 90.38 a dollar reversing a five-day streak of free fall, as the central bank likely intervened in the foreign exchange market.

After breaching the psychologically important mark of 90 per US dollar, in less than two weeks the rupee crossed the 91-level on Tuesday. The rupee took only 13 days to go from 90 to 91 per dollar.

Many think the rupee may keep sliding down in the near term due to the uncertainty on the India-US trade deal and unabated capital outflows. While a weak rupee can negatively impact inflation and corporate margins among other things, it is considered good for exports as it increases India's export competitiveness, especially when India is trying to boost its exports due to tariff tensions, exploring alternative markets. Rupee depreciation influences the trade balance positively, compressing import demand and improving exports.

However, two recent studies point out that this positive impact of the rupee depreciation on trade balance may not be as significant as it appears.

Weak rupee offers limited export benefit

A new report by Systematix Research says that currency depreciation delivers uneven outcomes across sectors and, in many cases, worsens the trade balance rather than improving it. According to the report, sectors such as electronics, chemicals, machinery and petroleum products do see an apparent export benefit from a weaker rupee.

However, this advantage is significantly diluted due to their heavy dependence on imported inputs. The study noted, "Currency depreciation is positive for exports of electronics, chemicals, machinery and petroleum products. But high dependency on imports leads to increase in import cost, thereby offsetting gains and widening the trade deficit." With raw material import intensity in manufacturing at around one-third, higher input costs erode export competitiveness and inflate the overall import bill.

In contrast, the report identified food and agro-based exports as the only segment that consistently benefits from rupee depreciation. Owing to low import intensity, this sector not only records higher exports but also a tangible improvement in trade balance. The report highlighted that "Food and agro-based exports are the only sector where the currency depreciation is correlated with both an increase in exports and an improvement in trade balance, due to low import intensity." This structural advantage allows currency weakness to translate directly into net external gains for the sector.

The findings are particularly adverse for labour-intensive sectors, which are often assumed to benefit most from a weaker currency. Contrary to popular belief, the report concludes that rupee depreciation has a negative impact on textiles and leather. Rising costs of imported intermediates, combined with weak global demand, undermine pricing power and profitability in these segments.

Overall, the report argues that rupee depreciation is not a reliable policy lever for improving India's trade balance.

Rupee isn't much of a shock absorber

As per a study by SBI Research, it may be wrong to assume that a weaker rupee will meaningfully fix India’s trade balance. While depreciation has boosted exports, as goods exports rose 19.4% year-on-year in November, empirical analysis showed that export and import responses to exchange-rate moves largely offset each other. As a result, the overall trade balance remains relatively insensitive to currency swings in the short run.

"To evaluate the sensitivity of India’s trade balance to exchange rate movements, we conduct a short-run empirical analysis using monthly data for FY24, focusing on the most recent period to capture current structural and market dynamics

SBI Research's Analysis shows both exports and imports respond to changes in the exchange rate: depreciation of the rupee boosts export volumes, while imports decline in response to higher costs. However, the responsiveness of exports and imports to exchange rate movements results in these two factors largely offsetting each other when considering the overall trade balance, resulting in minimal net impact.

"Thus, while rupee depreciation enhances export competitiveness, the structural composition of imports and short-run valuation effects limit any significant improvement in the nominal trade balance, highlighting the relatively low responsiveness of India's trade balance to exchange rate movements in the current period," it said.

The study says that the adjustment in both export and import response variables occurs rapidly and largely within the first few months following the exchange rate shock, after which the responses flatten and show limited further accumulation.

"Although the direction and magnitude of the responses suggest that trade volumes are elastic with respect to the exchange rate, the effects on exports and imports are broadly comparable in size and opposite in sign, resulting in a substantial degree of offsetting. Consequently, the implied response of the trade balance remains weak.

Overall, the impulse response analysis reinforces the conclusion that, despite measurable short-run sensitivity of both exports and imports to rupee depreciation, the dynamic effects largely cancel out, rendering the trade balance relatively insensitive to exchange rate shocks in the current period," SBI Research study says.

Source: economictimes.com– Dec 18, 2025

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