IBTEX No. 1 of 2026 January 05, 2026

Currency Watch			
USD	EUR	GBP	JPY
90.23	105.64	121.13	0.58

INTERNATIONAL NEWS

NATIONAL NEWS	
No	**Topics**
1	Two Key Interventions Launched to Strengthen MSME Exports under Export Promotion Mission
2	PLI Scheme for Textiles: Government extends the last date for submitting new applications up to 31st March 2026
3	'Important to make me happy': Trump's fresh tariff warning to India
4	Piyush Goyal to visit Brussels this week for India-EU trade pact
5	Textile Ministry initiates nationwide survey to map industrial hubs
6	Govt rolls out ₹7.3K cr schemes to boost MSME financing over six years
7	Strong start to year but deregulation holds key to competitiveness
8	Cross-border ecommerce set to get easier; Focus on MSMEs

INTERNATIONAL NEWS

Weak Consumer Demand, Tariff Turmoil Set the Stage for 2026

Weakening consumer demand and uncertain trade policy are two of the biggest macro-level challenges the apparel industry faced in 2025, and the sector won't shake the specter of these issues in the new year, according to Dr. Sheng Lu.

According to the professor of fashion and apparel studies at the University of Delaware, the Trump administration's mercurial tariff strategy and deepening economic anxiety among shoppers will remain persistent thorns in the industry's side "amid sluggish economic growth and persistent inflationary pressures."

International Monetary Fund data from October 2025 indicated that global GDP growth in 2026 is slated to slow, declining from 3.2 percent to 3.1 percent year over year. United States GDP growth is projected to sink even lower to about 2.1 percent (down from 2.8 percent in 2024).

"Meanwhile, the trade policy environment facing the global fashion apparel industry could remain highly uncertain in 2026," Lu wrote in his research. "Notably, in addition to tariffs, several trade agreements could create new uncertainties for fashion companies when sourcing from affected regions."

For one, the U.S.-Mexico-Canada Agreement (USMCA) will see its formal six-year review in July 2026, and tensions between the North American trading partners remain high. Meanwhile, the African Growth and Opportunity Act (AGOA) and the Haiti HOPE-HELP programs lapsed in September without concrete plans for a renewal (despite some efforts from Congress to spur a speedy reinstatement for both trade preference programs). The uncertain status of all of these trade statutes could further reshuffle the sourcing matrix in 2026, Lu believes.

Beyond legacy programs, new trade frameworks that were beginning to solidify in 2025 with a number of trade partners, including the European Union and potentially China and India, will begin to be implemented and enforced—a phenomenon that "will warrant close attention," in Lu's estimation. Many details of these so-called deals are far from final, and the

Trump administration's stated desire to crack down on fraudulent trade practices like transshipment will need to be elucidated.

According to Lu, "the impact could be significant for apparel sourcing if the Trump administration ultimately decides to revisit or set new rules of origin in these agreements to reduce the 'China content' in products imported into the United States." Insights from the Organization for Economic Co-operation and Development reveal that apparel exports from many Asian countries like Vietnam and Cambodia contain 20 percent to 30 percent China content.

All 90 countries hit with tariffs will see more "visible and significant" impacts to their exports to the U.S. in 2026, though. Apparel as a category will be particularly hard hit by new duties, and Lu believes fashion firms "will face increased pressure to control their sourcing costs and protect their profit margins."

With that scenario as a backdrop, fashion companies will likely turn to diversification to navigate market and trade policy uncertainties, he added. A 2025 Fashion Industry Benchmarking Study released by the U.S. Fashion Industry Association (USFIA) showed a record number of U.S. fashion brands and retailers (over 80 percent) were sourcing from 10 or more countries. Nearly 60 percent of them said their sourcing portfolios would continue to expand in 2026, and they're looking for vendors with the ability to produce across multiple countries to mitigate risk.

That may result in companies moving more of their direct sourcing out of China, but that doesn't mean the World's Factory is going to give up its influence.

Lu said that from what he's observed, Asian suppliers at large are concerned about the tariffs, but focused on creating a more integrated and resilient supply chain within the region. As the Asia supply chain continues to mature and advance, it is likely that it will remain the dominant textile and apparel production and export hub "with no near competitors" in 2026.

China's leadership within the region is solid and "increasingly visible," Lu said, as the country remains a vital partner to many and a source of investment with production offshoots across the globe. China is also justified in feeling confident in its place as an industry leader because other nations depend on it so heavily for inputs and materials, Lu believes.

Asked what other markets China is exploring when it comes to apparel exports now that it faces such high tariffs (47 percent) from the U.S., Lu told Sourcing Journal that the country has been diversifying its export markets since Trump first introduced his tariff scheme.

During the first 10 months of 2025, apparel exports to the U.S. dropped by 8.8 percent, according to World Trade Organization data. Throughout that time, China ramped up its exports to the EU by 4.5 percent and the United Kingdom by 5.1 percent from the year prior. It also kicked apparel exports into overdrive across Asia, Africa and South America, shipping more clothing to Cambodia (up 64.4 percent), Indonesia (up 15.4 percent), Nigeria (up 29.7 percent), Kenya (up 31.5 percent), Tanzania (up 52.8 percent), Chile (up 18.8 percent) and Peru (33.8 percent).

“However, the surge of cheap Chinese imports has led to growing concerns from the local garment industry in these developing countries,” Lu said.

Even the EU’s mature, 27-member economy is tiring of the growing influx of goods from China—in particular, import-sensitive products like cars and steel. French President Emmanuel Macron has proposed new tariffs on China for undermining regional producers.

“Ultimately, I believe France and the EU’s tariff policy toward China will require careful calculation and balancing the needs of addressing ‘unfair’ trade practices, domestic politics, and their broader relationship with China,” Lu opined.

China’s supply chain may also be maturing beyond the apparel products it has a history of manufacturing to focus on advanced performance textiles and specialty materials that no other country on earth has the ability to make at scale.

“According to trade theories and historical trade patterns, a country will gradually evolve from producing and exporting labor-intensive garments to producing more capital- and technology-intensive textile products. China is not an exception,” Lu explained.

Notably, while China’s market share of apparel exports has actually declined, it accounted for 42.9 percent of global textile exports in 2024 (including yarns, fabrics and industrial textiles)—a record high.

"In particular, China has been strengthening its position as a leading textile supplier to many apparel-exporting countries in Asia, such as Vietnam, Cambodia, Indonesia or even Jordan, accounting for 60 percent to 80 percent of their textile imports, much higher than a decade ago," he added. This is why countries regard China as a critical source of raw materials and investment, as well as an important business partner.

By contrast, the academic believes China is "positioning itself not as a cheap source of imports, but as a key partner and reliable apparel supplier that can provide high-quality products, competitive costs, fast speed to market, flexibility, agility, and many other value-added services, such as product development and inventory management."

Source: sourcingjournal.com– Jan 02, 2026

HOME

****

Hong Kong apparel and retail market stabilizes in November 2025 with sales rising by 6.5%

Hong Kong's apparel and retail landscape demonstrated a resilient trajectory in late 2025, with November retail values rising by 6.5 per cent to HK$33.7 billion. While hard luxury - jewelry and watches - saw a moderated growth of 3.6 per cent, the wearing apparel segment recorded a 3 per cent increase, signaling a steady recovery in consumer discretionary spending.

This seventh consecutive month of gains was significantly boosted by a 28.4 per cent explosion in online retail sales, which now account for 11.2 per cent of the city's total retail turnover.

Digital acceleration and tourism synergy

The retail sector is currently undergoing a structural realignment, moving away from a pure brick-and-mortar reliance. The government's 'mega-event' economy, including the 15th National Games and international art festivals, drove an 11.9 per cent Y-o-Y rise in visitor arrivals.

However, the true growth driver has been the 'omni-channel' shift. Apparel brands are increasingly leveraging social commerce and live-streaming to capture 'long-haul' travelers and local Gen Z shoppers. The sustained recovery in November highlights a stabilization in consumer confidence, noted a government spokesperson, pointing to the 4.4 per cent volume increase as evidence of robust underlying demand.

Navigating 2026: Experience-first retail

Looking toward early 2026, the industry faces the challenge of a strengthening Hong Kong dollar, which has historically encouraged 'northbound' spending in Shenzhen.

To counter this, retailers are pivoting toward experiential concepts - integrating art installations and 'phygital' fitting rooms to justify premium price points. With the HK$1.5 billion injection into the BUD Fund supporting digital transformation, the focus for 2026 is clear: creating frictionless, tech-enabled shopping environments that turn a simple purchase into a cultural experience.

This government-backed strategy repositions Hong Kong as a premier retail hub by integrating technology and tourism. Focused on luxury apparel and 'silver economy' products, the initiative aims to reach a HK$400 billion annual sales target by 2027. Established in the post-pandemic era, it emphasizes digital-first licensing and immersive flagship stores.

Source: fashionatingworld.com– Jan 03, 2026

HOME

****

Economic stimulus measures drive clothing sales in South Korea, China and the United States

In South Korea, China, and the United States, clothing retail sales have maintained year-on-year growth, driven by each country's economic stimulus measures. As apparel inventories decrease, there is analysis suggesting that the stock prices of textile and apparel-related companies, which have bottomed out, could rebound.

On January 2, Shinhan Investment Corp. maintained its overweight recommendation on the textile and apparel sector, citing these factors. The firm selected Youngone Corporation as its top pick, while also highlighting F&F, Gamsung Corporation, and AU Brands as stocks to watch.

From the second half of last year through November, the clothing retail sales growth rate in South Korea, China, and the United States averaged around 3 per cent Y-o-Y. Certain segments, such as women's apparel, saw growth rates reaching the low double digits. Notably, apparel inventory levels in both South Korea and the United States are currently at their lowest points in the past three years, fueling expectations for increased shipments.

In South Korean department stores, women's apparel has maintained around 5 per cent Y-o-Y sales growth since June of last year. Casual wear, men's clothing, and children's and sports apparel also saw department store sales growth throughout the second half of the year, except for September. While the luxury segment continued to post sales growth in the low double digits, deepening consumption polarization, it is noteworthy that department store apparel sales have grown for five consecutive months for the first time in two years since 2023, which is seen as an encouraging sign.

Having outperformed the market in sales growth during the second and third quarters of last year, Gamsung Corporation is estimated to have achieved sales growth exceeding 20 per cent Y-o-Y from October to early December. Similarly, clothing retail sales in China are estimated to have grown by 3-5 per cent Y-o-Y in the second half of last year. With the base effect expected to be pronounced through the first half of this year, China's clothing retail sales are anticipated to maintain their growth momentum for the time being. This is why attention is being paid to companies such as F&F, Gamsung Corporation, and AU Brands, which are planning to expand into China this year.

The reduction in inventory is also a positive signal. Recently, apparel inventory levels in the United States have remained at the lower end since 2023. The report emphasized that attention should be paid to the potential for earnings recovery among original equipment manufacturing (OEM) companies this year. However, it remains uncertain whether American consumers will maintain their purchasing power in the face of inflation driven by tariffs. Lagging indicators that could confirm this are expected to emerge after the first quarter of this year, but until then, investment sentiment may be concentrated on OEM companies.

Park Hyunjin, a researcher at Shinhan Investment Corp, stated, Youngone Corporation's investment appeal may further increase, as its sales are expected to grow significantly due to benefits from certain clients, even though its correlation with consumer sentiment is low. ‘This presents an opportunity for its price-earnings ratio (PER) multiple to expand, he added.

Source: fashionatingworld.com– Jan 03, 2026

HOME

****

Turkey's Minimum Wage Surges 27 Percent

It's official: a net minimum wage increase of 27 percent in Turkey will go into effect January 1.

The increase is a little more than the 25 percent forecast by analysts, and comes with assurances by labor and social security minister Vedat Isikhan that the increase would help more than a third of the working population, which is at minimum wage, and will permeate across sectors.

The gross monthly minimum wage will be 33,030 Turkish lira ($769.17).

However, labor unions are incensed, contending that the increase does not even match inflation, and keeps workers at "below hunger levels" and far below actual living costs.

Despite three rounds of negotiations by the Minimum Wage Determination Commission, which typically includes representatives from the government, employers and workers, the meetings were boycotted by Türk-İş, Turkey's largest labor confederation.

Ergun Atalay, president of Turk-Is has called it "unacceptable," stating that it "doesn't meet worker demands for a survival wage, that it won't cover basic costs like food, rent, and education amid high inflation." He said that workers would not accept this figure, and called for a mid-year adjustment to reflect actual living costs.

Meanwhile, the labor minister reiterated that the decision reflects the government's effort to "balance supporting incomes with controlling inflation," citing the economic situation as "having survived regional wars, energy crisis and supply chain disruptions."

Workers in the sourcing sector are particularly agitated as factories continue to close and declare bankruptcy, even as they struggle to cover basic costs. Inflation remains a dominant concern in Turkey, despite official claims that it is now under control, having fallen from a record 85.5 percent in October 2022 to an officially stated 31.07 percent in November 2025. Both union leaders and manufacturers argue that these figures underestimate the real cost pressures on households and businesses.

Meanwhile, there is much that worries manufacturers.

While labor costs continue to spiral, exchange rate fluctuations, high raw material costs, energy shortages, make it difficult to compete with other textile and apparel sourcing countries like India, Bangladesh, Cambodia, Vietnam.

Perhaps the greatest concern comes from Egypt, where production costs are significantly lower.

“Given the high inflation, this increase was expected,” Ahmet Öksüz, chairman İTHİB, the Turkish Textile and Apparel Exporters’ Association told Sourcing Journal. “Of course the workers expect more, and this is usual because of devaluation. As industrialists we are not saying that they should not receive this, and we also understand that the government has to reduce inflation. But to keep the inflation level down, the wage increase should be reasonable,” he said. He added that costs for manufacturers were already extremely high.

“$650 is the net wage, but the actual cost to manufacturers is closer to $1,000 per month once we include food, transportation, service taxes and benefits,” Öksüz said. “Manufacturing is difficult in many countries right now because costs have risen sharply while demand is weaker than it should be.”

Apparel exporters, in particular, have been hit hard. Turkish apparel exports totaled $15.5 billion in the first 11 months of 2025, from January through November, marking a 6.9 percent decline compared with the same period a year earlier. While Turkey retains a nearshoring advantage and a focus on design-led and higher-fashion items, bankruptcies have become widespread, and many manufacturers speak about already being pushed beyond their limits.

“We anticipate that we will conclude 2025 with approximately $17 billion in exports,” Mustafa Paşahan, vice president, Istanbul Apparel Exporters’ Association (IKHIB) told Sourcing Journal. He pointed out that the apparel industry maintained its strategic position through its value-added production, employment and export volume.

He said that the European Union (EU) continued to be the primary market. “We export 61 percent of our total apparel to EU countries. On a country basis, Germany ranks first, followed by the Netherlands and Spain. In terms of product groups, knitted apparel accounts for 53 percent, woven apparel for 35 percent, and ready-made goods for 12 percent,” he said while explaining that the advantage of sourcing competencies for Turkey remained: “quality, speed, flexibility, social compliance, and the advantage of being a nearshoring partner to the EU.”

While there has clearly been a trend towards repositioning global supply chains in 2025, and the need for supplier diversification, he observed that was not a threat for the Turkish industry, but rather “created a potential for renewed momentum in exports once the correct competitive ground is established.”

Among the factory closures in 2025, there were several long-established players, whose shutdowns have been watched with particular concern, as they have survived decades of change.

These include Naz Örme Kumaş, founded in 1996, and once one of the largest knitwear manufacturers, with a 10,000 square meter factory and a monthly production capacity of 800 tons, and Fame Tekstil, even older, having started in 1992 and a capacity of more than 300,000 garments per month. Other closures include Ugur Balkuv Triko, Settriko, Fabrilla Tekstil among others. Many of these supply large global retailers and brands including Hugo Boss, Mango, H&M, Zara, Marks & Spencer, etc.

Referring to the number of bankruptcies in 2025, Ahmet Öksüz explained that a combination of factors were responsible. “If a company is not financially healthy and needs to borrow money at a very high cost, that is not sustainable. Many were faced with financial issues. Also, so far the government provided 2,530 Turkish lira ($58.92) in wage support for workers at small and medium sized factories. Now, it is increased to 3,500 Turkish lira ($81.50) and has been extended to all the companies in the textile and related sectors. That will help.”

Manufacturer associations are now walking a fine line between government policy and labor demands as they look ahead to 2026.

Many are weighing difficult options: bankruptcy, restructuring to remain relevant, or relocating production to other countries in order to survive. Several manufacturers expect the sector to continue taking hits in 2026, citing the pace of factory closures and shifting sourcing geographies, partly driven by U.S. tariffs and cost advantages enjoyed by countries such as Egypt through free trade agreements.

Others, like IKHIB's Mustafa Paşahan remain more optimistic, observing that the industry may well get stronger in 2026.

"In 2026, as the economic situation in our country recovers, we expect the cost pressures on our exporters to ease. Every crisis inherently carries certain opportunities," he said. "We prefer to view this transition period for our industry and our country as an opportunity for "twin transformation" (digital and green) and productivity growth. With a correct political framework and internal transformations—such as lean production, digitalization, automation, and higher value-added products/design—the impact of unit labor costs per product can be reduced."

"Alongside this transformation, we are working continuously on support models to balance the cost pressure on Turkish apparel exporters and are maintaining the necessary dialogues with our government," he said.

Analysts predict a continuing drop in inflation for the coming year, potentially 25 percent by end-2026, depending on how the currency stabilizes. Officials also predict that the gross domestic product will pick up, expected to be 3.3 percent in 2025 and to accelerate to 4.2 percent in 2027. One of the positive indicators is the appointment of Murat Taşçı , a new chief economist.

Investment dynamics are also shifting.

Chinese giant Supreme Intelligent Technologies Co., for example, has brought in investment, seeing Turkey as a possible technology hub, and a strong base for the region. The joint venture announced with Turkish entrepreneur Temel Kamiloğlu is expected to be a step toward growth in the region.

As 2026 approaches, manufacturers said that they were still "armed with hope" pointing to events such as Texhibition 2026, scheduled for March 4–6 in Istanbul. "We already have a waiting list," Öksüz said. "There is strong demand, and we are upgrading the exhibition every season."

Clearly, industry associations are projecting positive energy and suggesting strategic shifts towards sustainability and market diversification, which they expect to intensify in 2026.

As one European buyer invested in several Turkish companies put it, “We’re wondering who will survive the spiraling costs and the power of geopolitics. But on the whole, we are cautiously optimistic for 2026.”

Source: sourcingjournal.com– Jan 05, 2026

HOME

****

Africa year-end review 2025: Stress-testing and strategic shifts

2025 has been a transformative year for Africa's textile and apparel industry. Global trade disruptions, rapidly shifting US tariff policy, and sweeping new demands for sustainability collided with a continental push to deepen intra-African trade under the African Continental Free Trade Area (AfCFTA). The result: firms that relied on legacy patterns of preferential access were forced into adaptation, while visionary actors pressed ahead with data, sustainability, and regional value chains as foundational levers of competitiveness.

Two developments stood out: first, a recalibration of US tariff policy that affected the economics of AGOA-based exports; second, measured advances in AfCFTA's trade infrastructure (customs systems, corridor diagnostics, payment platforms). Together, these developments forced exporters and policymakers to shift from reliance on preference to building durable, performance-based models. The success stories of 2025 were those that embraced agility, integrated strategy, and technology-enabled foresight.

AGOA in Transition: Tariff Updates, Renewal Talks, and Exporter Strategies

For decades, the African Growth and Opportunity Act (AGOA) has anchored many of Africa's apparel exporters to US markets. In 2025, that anchor shifted in both symbolic and economic terms.

1. US Tariff Shifts and Policy Uncertainty

The US introduced a series of tariff adjustments and regulatory clarifications in 2025, narrowing duty advantages on certain apparel lines when origin or processing criteria became stricter. Simultaneously, Congress contemplated AGOA's future, debating a short extension with modernisation provisions. For exporters, this created a dual pressure of protecting current volumes while preparing for possible disruption.

In many cases, orders were frontloaded in early 2025, and buyers placed firms on conditional contracts tied to stricter compliance or fallback sourcing contingencies. Smaller suppliers with limited capacity to reconfigure quickly, faced cancellations or margin squeezes.

2. Exporter Adaptations

- Diversification across markets: Kenyan and Lesotho firms began pushing deeper into EU and intra-African markets to reduce dependence on US volumes.
- Supply-chain hedging: Some exporters built parallel lines for non-AGOA routes, mapping inputs for regional sourcing rather than just US tariffs.
- Negotiating buyer flexibility: Several brands agreed to grace periods or co-investment in compliance upgrades as conditions of continued contracts.

Importantly, trade associations and government agencies in AGOA-eligible countries began advocating for modernisation clauses tied to digital trade support, technical assistance for origin audits, and lender risk guarantees to reduce volatility for factory operators.

Click here for more details

Source: fibre2fashion.com– Jan 05, 2026

HOME

****

South East Asia year-end review 2025: Minnows under heat

Some experts saw tariff hike for South East Asian nations as a counterproductive move because the US tariff policy overlooked the benefits the US previously gained from trade deals, including clothing at lower prices and huge profits for American companies. The US once used to help these nations through export quotas, but high tariffs imposed now come as hindrance to their access to the US market. They counter the development policies the US itself once promoted.

In addition, strategic competition between the US and China adds complexity to the situation because many South East Asian garment factories depend on raw materials from China. Now they are under pressure to reduce this reliance while maintaining trade ties with both economic superpowers. The impact is felt most strongly by women in these countries. Around 70 per cent of garment workers are female, and the new tariffs threatened their already low income. Job losses directly affect the survival of their families.

Myanmar

The 40-per cent tariffs on Myanmar exports took a heavy toll on the country's garment industry, with foreseeable shut down of several factories. The tariff came into effect on August 1, and since then orders dropped sharply, leading to job losses, fewer overtime hours and eventual factory closures – at least four in the industrial zones of Yangon's Hlaing Tharyar and Shwepyithar townships alone.

The first to shut down was Twinkle (Myanmar), a factory that used to manufacture garments for US-based Callaway Golf and luggage maker Samsonite. Other closures included SDI Manufacture, Wan Xin Myanmar, and Eternal Fashion. In the past, factory closures used to be caused by electrical problems, raw material shortages or road closures but lately tariff became the major contributing factor.

Over 700,000 workers are employed in Myanmar's garment factories, with double that number in related industries. An estimated four times that number of family members depend on their wages, according to the Myanmar Garment Manufacturers Association (MGMA).

To counter the effects of the tariffs, some factories that previously catered to the US market started seeking orders from Japan, South Korea, and the EU.

Alongside the high tariff, Myanmar also faced heat from the ILO (International Labour Organisation) over violations of agreements related to workers' rights, such as freedom of association and the elimination of forced labour.

Thailand

Thailand's tryst with US reciprocal tariff began with imposition of 36 per cent rate on April 2. However, after successful negotiations, the US reduced reciprocal tariff on Thai goods to 19 per cent starting August 1. In September, Thai garment exporters called on the new government to pause wage hikes and accelerate EU FTA talks, noting that garments remain a labour-intensive sector employing some 600,000- 800,000 workers.

Rising wages to 400 baht per day would disproportionately affect new and unskilled workers whose productivity remains low, also increasing costs for employers. In Thailand, labour and raw material expenses make up 60-70 per cent of total production costs for garment manufacturers. Since the US accounts for approximately 40 per cent of Thailand's garment exports, the increased US tariff, up from an average 10 per cent to 29 per cent, threatened this key market.

On the other hand, Thai exporters face EU tariffs averaging 10-20 per cent depending on the garment type, so securing an FTA with the EU was seen as an opportunity to open up trade with 27 countries, which will help in offsetting potential losses in the US market.

Laos

Although the European Union, especially Germany, has been the main destination for Laotian textiles, the US has long been among the top five export markets. This is when Laos exports to US is relatively small comprising a small number of factories which supply the American market.

Driven by US trade deficit of over $760 million with Laos, US administration imposed one of the highest tariff charges of 40 per cent on the small Asian nation. To complicate things further for Laos, its supply chains are closely tied to China.

The high tariff is estimated to effect around 20,000 or more out of nearly 30,000 workers which the garment industry employs, while representing around 13 per cent of export earnings, excluding natural resources. This number rises in case of companies' closure. If US customers pull back, an estimated 35 to 40 factories may face disruption.

Laos is a regional base for garment manufacturing that supplies to many western brands. Production of mattresses is among the various segments that are severely affected by the tariffs. In recent times, the country has benefitted with the success of the China–Laos Railway, which has transformed Laos from a landlocked state into a regional logistics hub, significantly reducing shipping times and costs.

Source: fibre2fashion.com– Jan 04, 2026

HOME

****

Vietnam's garment-textile sector makes strong inroads into Canadian market

Canada has continued to stand out as a bright spot for Vietnam's textile and garment exports despite ongoing tariff challenges, with growth estimated at around 10% in 2025 to over 1.3 billion USD, mostly thanks to advantages from the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), strong product quality, and Canada's push to diversify supply sources.

At the international textile and apparel exhibition held in Toronto in 2025, products from two Vietnamese firms – Bao Minh Textile JSC and Viet Hong Textile Dyeing JSC – attracted considerable interest from Canadian and North American buyers. Viet Hong showcased its signature denim fabrics, while Bao Minh focused on mid- to high-end yarn and fabric products produced through a fully integrated manufacturing chain.

Speaking to a Vietnam News Agency (VNA) correspondent in Canada, Bob Kirke, Executive Director of the Canadian Apparel Federation, said Vietnamese textile products are of high quality but face intense competition.

He noted that Canada is not a large market and that many Vietnamese-made products are currently supplied through international brands. He said his federation hopes to establish direct partnerships among Canadian and Vietnamese companies, holding that a targeted approach to some Canadian firms will be key for Vietnamese companies to deepen market penetration.

According to Viet Hong's Sales Director Romeo M. Ordas, the company sources cotton from Vietnam, Brazil and Australia – all CPTPP members – ensuring eligibility for preferential tariffs. Viet Hong, which currently has a capacity of 1.2 million metres per month and plans to expand to 2 million metres to meet rising export demand. has completed preparations to expand further into the Canadian market and aims to secure a larger market share.

For Bao Minh, this marks its first attempt to explore opportunities in Canada, following prior export experience to the US. Specialising in woven fabrics, the company has fully mastered its closed-loop production process, from yarn to finished products, enabling it to fully benefit from

CPTPP preferences. Bao Minh is targeting the mid- and high-end segments, focusing on quality to meet Canada's stringent requirements.

Pham Quang Hai, in charge of business development at Bao Minh, said that participation at the exhibition helped the firm better understand market expectations and establish channels for further cooperation.

Vietnamese textile enterprises have shown strong adaptability by adjusting production processes and product lines to meet the strict standards of the Canadian and North American markets. As a result, Vietnam's textile and garment exports to Canada doubled from 600 million USD to 1.2 billion USD in 2024 following the implementation of CPTPP, with export value remaining stable thanks to recognised quality and compliance.

Vietnamese Trade Counsellor in Canada Tran Thu Quynh said Vietnam has long been regarded as a reliable supplier of high-standard textile products capable of meeting demanding technical requirements. She added that many Canadian investors are establishing manufacturing facilities in Vietnam, not only to export back to North America but also to use Vietnam as a hub for distribution across the Asia-Pacific and global markets.

At the exhibition, Vietnamese textile enterprises conveyed a clear message - Vietnam is not merely a sourcing destination, but a sustainable and trustworthy long-term partner capable of meeting high standards, strengthening production linkages, and co-developing brands in global value chains.

Source: vietnamplus.vn– Jan 05, 2026

HOME

****

Bangladesh's NBR notifies Shipping Agent Licensing Rules 2025

Bangladesh's National Board of Revenue (NBR) recently notified the Shipping Agent Licensing Rules, 2025, which aim at ensuring accountability and fair competition across all sea and river ports in the country and modernising and simplifying shipping agent operations.

Shipping agent licenses were earlier governed under the Customs Agent Licensing Rules, 2020.

Under the new regulations, the licensing process has been significantly accelerated. Authorities are no longer required to obtain prior NBR approval to determine the number of licenses issued per customs station. This allows authorities to grant permits in a much shorter duration.

The requirement for applicants to sit for written and oral examinations at the Customs Excise and VAT Training Academy has been abolished.

NBR has committed to issuing licenses within 30 working days provided that all submitted documentations are accurate, according to domestic media reports.

A shipping agent license was earlier restricted only to the specific sea or river port under the issuing customs station. The new rules permit a license holder to conduct business at any sea or river port throughout the country, removing previous geographical barriers to trade.

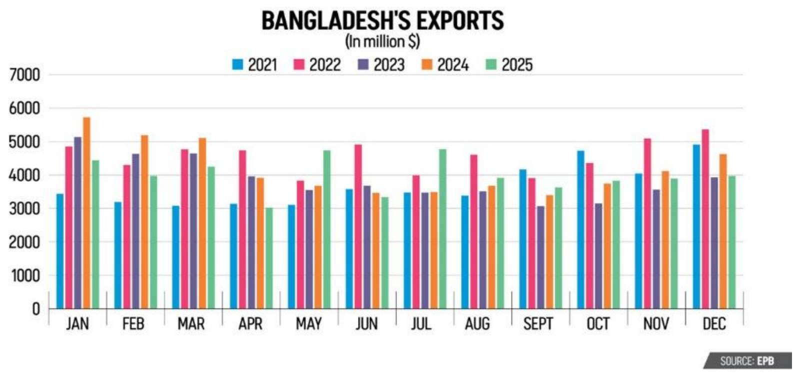
Source: fibre2fashion.com– Jan 04, 2026

HOME

****

Bangladesh: Exports fell nearly 5% in 2025

The country's merchandise exports declined by nearly 5 percent last year, falling to $47.74 billion compared with the previous year, according to official data, as weak global demand for garments and other consumer goods weighed on shipments.



The calendar year closed against a turbulent global backdrop. The prolonged Russia-Ukraine war, Israeli attacks on Palestine and assaults on five other countries heightened tensions across the Middle East, disrupting trade routes and unsettling global supply chains.

These shocks rippled through international commerce and dampened consumer demand in key markets.

Global disruptions hit apparel exports particularly hard. Bangladesh was not alone. Other major exporters in the region, including China, India and Vietnam, also saw their clothing shipments slow as buyers cut orders and trimmed inventories.

Adding to the strain were reciprocal tariffs imposed by the United States, which weighed on exports for much of 2025. Ahead of the finalisation of higher duties, local exporters rushed shipments from April through the first week of August to beat the deadline.

That front-loading came at a cost. Garments, which make up more than 84 percent of the country's export earnings, lost pace during the crucial season for Christmas deliveries in August, September and October.

Retailers in Western markets had already built up inventories, leading to a temporary lull in new orders. The new tariffs also pushed up prices for US consumers, curbing demand and adding further pressure on Bangladeshi exporters.

Even so, manufacturers expect shipments to recover once excess inventories are cleared and demand begins to normalise.

The Trump tariff measures also sharpened competition in major apparel markets. After facing higher duties in the United States, large exporters such as China, India, Pakistan, Vietnam, Thailand, Cambodia, Indonesia and Turkey redirected similar products to other destinations, including the European Union, often at lower prices.

During the July-December period, garment exports fell by 2.63 percent to $19.36 billion compared with the same period in 2024. Knitwear exports dropped 3.22 percent to $10.48 billion, while woven garment shipments declined by 1.91 percent to $8.87 billion.

The slowdown gathered pace in December. That month, garment exports plunged by 14.23 percent to $3.14 billion. Knitwear shipments fell by 13.74 percent to $1.61 billion, while woven exports slid by 14.71 percent to $1.52 billion, according to data released yesterday by the Export Promotion Bureau (EPB).

Despite the sharp overall decline in December, several non-RMG sectors recorded growth compared with November 2025.

Jute and jute goods, specialised textiles, home textiles, frozen and live fish, vegetables, chemical products, rubber, leather and bicycles all posted gains, pointing to progress in export diversification.

Among major destinations, the United States, Germany and the United Kingdom remained the top three markets in December. Exports to these countries grew by 7.14 percent, 18.08 percent and 14.50 percent, respectively.

Shipments to emerging and strategic markets also expanded. Exports to the United Arab Emirates rose by 25.39 percent, Australia by 21.33 percent, and Canada by 9.13 percent. The EPB said the figures showed Bangladesh was gradually widening its global footprint.

In overall terms, merchandise exports in December fell by 14.25 percent year-on-year to $3.96 billion, marking the fifth consecutive month of decline. Compared with November, however, exports edged up by 1.97 percent, offering a tentative sign of month-on-month recovery.

In its monthly report, the EPB said weakening global demand, US tariffs, intensifying competition, rising production costs and ongoing geopolitical uncertainty had created heavy external pressure on export performance.

Domestic challenges also played a role. Industry leaders cited volatile political conditions and limited access to bank financing as key constraints on exporters.

Amid the gloom, there were some brighter notes. Md Abul Hossain, chairman of the Bangladesh Jute Mills Association, said exports of jute and jute goods had risen over the past six months, driven by stronger shipments of value-added products.

Md Shehab Udduza Chowdhury, vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said demand from the United States weakened as prices rose following the tariffs.

Exports to the European Union, he added, were hurt by lower-priced shipments from competitors such as China, India and Vietnam.

Source: thedailystar.net – Jan 05, 2026

HOME

****

NATIONAL NEWS

Two Key Interventions Launched to Strengthen MSME Exports under Export Promotion Mission

As part of the initial rollout of the Export Promotion Mission, two key interventions under the NIRYAT PROTSAHAN sub-scheme have been launched to strengthen MSME exports and improve access to trade finance.

The first intervention relates to interest subvention for pre- and post-shipment export credit, aimed at reducing the cost of export credit and easing working-capital constraints faced by MSME exporters. Under this intervention, interest subvention will be provided on pre- and post-shipment rupee export credit extended by eligible lending institutions. A base interest subvention of 2.75 per cent has been provided, with a provision for additional incentive for exports to notified under-represented or emerging markets, subject to operational readiness.

The interest subvention will be applicable only to exports covered under a notified positive list of tariff lines at the Harmonised System six-digit level, covering approximately 75 per cent of India's tariff lines and reflecting high MSME participation.

An exporter-wise annual cap of ₹50 lakh per Importer Exporter Code (IEC) has been prescribed for FY 2025–26. The applicable rates will be reviewed bi-annually in March and September, taking into account domestic and global benchmarks.

The positive list has been prepared using a transparent and data-driven methodology, prioritising labour-intensive and capital-intensive sectors, MSME concentration and value addition, while excluding restricted and prohibited items, waste and scrap, and products covered under overlapping incentive schemes.

Defence and SCOMET-notified products have been included to support strategic exports. Detailed operational guidelines for this intervention will be issued by the Reserve Bank of India. A pilot rollout will be undertaken, with scope for refinement based on implementation feedback.

The second intervention under NIRYAT PROTSAHAN relates to collateral support for export credit, aimed at addressing collateral constraints faced by MSME exporters and improving access to bank finance. Under this intervention, a collateral guarantee support for export credit is being introduced in partnership with the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE). Guarantee coverage of up to 85 per cent will be provided for Micro and Small exporters and up to 65 per cent for Medium exporters, with a maximum outstanding guaranteed exposure of ₹10 crore per exporter in a financial year.

This intervention is designed to complement existing credit guarantee mechanisms and to increase bank lending to export-oriented MSMEs. Detailed guidelines will be notified by CGTMSE, followed by a pilot phase and subsequent integration into a comprehensive revision of export promotion frameworks. The two interventions will be implemented on a pilot basis with continuous monitoring and data-driven refinements. Through the Export Promotion Mission, the Government aims to lower the cost of exporting, expand access to finance, strengthen India's export brand and diversify export markets, thereby enabling Indian exporters, particularly MSMEs, to integrate more deeply into global value chains and contribute to sustained export-led growth.

The Government of India has launched a range of interventions under the Export Promotion Mission, a flagship initiative approved by the Union Cabinet on 12 November 2025, with a total outlay of ₹25,060 crore for the period from FY 2025–26 to FY 2030–31. The Mission seeks to strengthen India's export competitiveness with a sharp focus on MSMEs, first-time exporters and labour-intensive sectors, while supporting market diversification and promotion of value-added exports.

The Export Promotion Mission is jointly implemented by the Department of Commerce, Ministry of MSME and Ministry of Finance. The Mission is structured around two integrated sub-schemes, namely NIRYAT PROTSAHAN, which focuses on enabling access to affordable and diversified trade finance, and NIRYAT DISHA, which supports non-financial enablers such as market access, branding, regulatory compliance, logistics and trade intelligence.

Source: pib.gov.in– Jan 02, 2026

HOME

****

PLI Scheme for Textiles: Government extends the last date for submitting new applications up to 31st March 2026

The Government of India has decided to extend the deadline for submission of fresh applications under the Production Linked Incentive (PLI) Scheme for Textiles up to 31st March 2026.

The extension follows the significant response received since the application portal has been re-opened in August 2025, with proposals being submitted by textile companies across priority areas including Man-Made Fibre (MMF) Apparel, MMF Fabrics, and Technical Textiles.

The decision underscores the growing investor confidence in India's textile sector and aims to facilitate wider participation by offering additional time to eligible applicants. The application portal https://pli.texmin.gov.in/ will remain open till 31.03.2026.

Source: pib.gov.in– Jan 02, 2026

HOME

****

'Important to make me happy': Trump's fresh tariff warning to India

US President Donald Trump has renewed pressure on India over its purchase of Russian oil, warning that tariffs could be raised if New Delhi does not cooperate on the Russia issue.

Speaking to reporters aboard Air Force One, Trump praised Prime Minister Narendra Modi while highlighting the leverage Washington holds through trade. "They wanted to make me happy, basically. PM Modi is a very good man. He's a good guy. He knew I was not happy. It was important to make me happy. They do trade, and we can raise tariffs on them very quickly, and it'll be very bad for them," Trump said.

Trump intensifies pressure on India

In October last year, Trump had claimed that PM Modi assured him India would stop buying oil from Russia, describing the move as "a big step" in Washington's efforts to isolate Moscow over its war in Ukraine.

However, India maintained that its priority was to protect domestic consumers while continuing energy cooperation with multiple partners. Ministry of External Affairs Spokesperson Randhir Jaiswal had said, "India is a significant importer of oil and gas.

It has been our consistent priority to safeguard the interests of the Indian consumer in a volatile energy scenario. Our import policies are guided entirely by this objective."

US-India trade tensions

The US has been stepping up pressure on India to cut Russian oil imports. In August last year, the Trump administration imposed tariffs of up to 50 per cent on Indian goods, which included a 25 per cent penalty linked to the purchase of Russian crude.

While India and the US have continued trade discussions, no agreement has been finalised so far. New Delhi has maintained that its decisions will be guided by national interest.

India ramps up US oil imports

In October last year, India significantly increased its crude oil imports from the US to around 540,000 barrels per day, the highest level since 2022, according to data from Kpler.

India has also been closely monitoring the inflow of Russian crude. According to Reuters, the government has asked refiners to submit weekly disclosures of Russian and US oil purchases. Officials indicated that Russian crude imports are expected to fall below one million barrels per day as New Delhi seeks to secure a trade deal with Washington.

Source: business-standard.com– Jan 05, 2026

HOME

****

Piyush Goyal to visit Brussels this week for India-EU trade pact

Commerce and Industry Minister Piyush Goyal will visit Brussels this week for talks with his EU counterpart on the proposed trade pact, for which negotiations are in the last phase, an official said.

During the two-day visit on January 8-9, Goyal will meet the Executive Vice-President and European Commissioner for Trade of the European Union, Maros Sefcovic.

The minister will leave tomorrow night, the official said.

On January 7, the minister will first visit Liechtenstein to hold talks on ways to boost trade and investments between the two countries.

Liechtenstein is a member of the European Free Trade Association (EFTA). India and EFTA implemented a free trade agreement on October 1, 2025.

EFTA members are Iceland, Liechtenstein, Norway, and Switzerland.

Goyal's Brussels visit comes at a crucial stage in the ongoing India-EU Free Trade Agreement (FTA) negotiations, as both sides intensify efforts to conclude a comprehensive, balanced, and mutually beneficial trade agreement at the earliest.

Commerce Secretary Rajesh Agrawal too will reach Brussels.

On December 15, Agrawal said that the negotiations between India and the 27-nation bloc, the EU, have entered the "most difficult" stage, and both sides are engaged to bridge the differences and close the talks soon.

He said that the European Union's (EU) carbon border adjustment mechanism (CBAM) is on the discussion table.

The 16th round of negotiations between the two sides concluded earlier this month (3-9 December) here.

Key chapters such as goods, services, investment, rules of origin, and technical barriers to trade were discussed.

In June 2022, India and the EU bloc resumed negotiations for a comprehensive FTA, an investment protection agreement, and a pact on geographical indications after a gap of over eight years. The talks were 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 products like wine, spirits, meat, poultry, and a strong intellectual property regime.

Indian goods' exports to the EU, such as ready-made 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, trade remedies, rules of origin, customs and trade facilitation, competition, government procurement, dispute settlement, intellectual property rights, geographical indications, and sustainable development.

Source: business-standard.com– Jan 04, 2026

HOME

****

Textile Ministry initiates nationwide survey to map industrial hubs

The Ministry of Textiles has initiated a comprehensive nationwide survey to map industrial hubs, a move designed to de-risk the sector ahead of a projected US$ 100 billion export growth by 2030. Gaining momentum as of January 2, 2026, this data-driven initiative aims to identify production bottlenecks in over 50 regional clusters, from the knitwear strongholds of Tiruppur to the looming powerhouses in Surat. By establishing a digital 'health card' for each hub, the government plans to synchronize infrastructure investment with real-time manufacturing capacity.
Targeted interventions and export diversification

The survey arrives at a pivotal moment as the government extends the PLI Scheme for Textiles until March 31, 2026, following a robust response in the man-made fiber (MMF) and technical textiles segments. With 91 companies already selected and Rs 7,731 crore in investments committed, the mapping exercise will help direct these funds toward under-utilized rural hubs. Our objective is to move from fragmented production to high-scale, vertically integrated units, states a senior ministry official, emphasizing that the data will be instrumental in leveraging the zero-duty access granted by the India-Australia ECTA, which became fully operational on January 1, 2026.

Navigating supply chain volatility

Despite a steady 3.87 per cent rise in cumulative exports reaching US$ 12.18 billion by late 2025, the industry faces headwinds from rising input costs and global shipping disruptions.

The mapping project will integrate with the 'KapasKisan' App and blockchain-based QR coding for cotton, ensuring full traceability—a non-negotiable requirement for the European market's tightening ESG regulations.

By identifying where the "circularity gap" is widest, India aims to modernize its traditional handloom and powerloom sectors, which currently support nearly 45 million livelihoods, into a globally competitive, high-tech manufacturing powerhouse.

The Ministry of Textiles oversees the entire value chain of the Indian textile industry, which contributes 2.3 per cent to the national GDP. Key initiatives include the PM MITRA parks and the National Technical Textiles Mission.

With a vision to reach a US$ 350 billion industry size by 2030, the ministry is currently prioritizing MMF apparel and technical textiles to boost global market share.

Source: fashionatingworld.com– Jan 03, 2026

HOME

****

Govt rolls out ₹7.3K cr schemes to boost MSME financing over six years

The government on Friday launched two measures — on interest subvention and collateral support — with an allocation of ₹7,295 crore for a six-year period (FY26-31) to give small exporters better access to trade finance.

The scheme titled "Interest Subvention for Pre- and Post-Shipment Rupee Export Credit" will enable micro, small, and medium enterprises (MSMEs) to access export credit at competitive rates, below market interest rates.

The tentative budgetary outlay for the scheme is ₹5,181 crore over six years. To begin with, arrears worth ₹830 crore will be cleared.

"A base interest subvention of 2.75 per cent has been provided, with a provision for additional incentive for exports to notified under-represented or emerging markets, subject to operational readiness," the Department of Commerce said in a statement.

The schemes have been launched under the ₹25,060 crore export-promotion mission, approved by the Union Cabinet in November.

Government officials said the subvention scheme was the revamped version of the "Interest Equalisation Scheme" (IES), discontinued after 31 December, 2024. In its current form, the interest-subvention scheme will focus mainly on small exporters, with a cap on the annual benefit. The larger idea, according to the government, is to ease the working-capital constraints of small and first-time exporters — especially at a time when global trade is facing headwinds — and not covering all exporters.

There will be additional incentive for MSMEs exporting to new and emerging markets, Additional Secretary Ajay Bhadoo told reporters, adding that the scheme would cover 75 per cent of tariff lines.

Bhadoo said products were selected through a methodology prioritising high labour-intensive and capital-intensive sectors. According to the department, the subvention rates will be reviewed in March and September, based on domestic and global benchmarks. The annual benefit has been capped at ₹50 lakh per firm.

More access to credit

Interest subvention for pre- and post-shipment export credit

Tentative budgetary outlay:
₹5,181 crore over six years (FY25-FY31)

Implementing agency:
DGFT, RBI

Interest subvention:
- 2.75% to all eligible MSME exporters
- Additional incentive to MSMEs exporting to new markets

Limit
Annual benefit of ₹50 lakh per firm

Collateral support for export credit

Tentative budgetary outlay:
₹2,114 crore over six years (FY25-FY31)

Implementing agency:
DGFT, CGTMSE

Guarantee coverage:
- Micro and small: Up to 85%
- Medium: Up to 65%

Maximum guarantee limit:
Up to ₹10 crore collateral guarantee per firm

The detailed guidelines of the scheme will be released by the RBI, which is the implementing agency along with the Directorate General of Foreign Trade (DGFT).

The department also launched a ₹2,114 crore "Collateral Support for Export Credit" scheme to provide credit-guarantee support for export-linked working-capital loans to exporters that are MSMEs.

A collateral guarantee up to ₹10 crore per firm will be provided under this support measure.

Guarantee coverage up to 85 per cent will be available for micro and small exporters, and up to 65 per cent for medium enterprises.

"This intervention is designed to complement existing credit guarantee mechanisms and to increase bank lending to export-oriented MSMEs.

Detailed guidelines will be notified by CGTMSE, followed by a pilot phase and subsequent integration into a comprehensive revision of export promotion frameworks," the department said.

During this financial year, the government expects an outgo of ₹400 crore under both schemes.

For both schemes, restricted items, waste & scrap, products covered under the production-linked incentive, and products excluded under two schemes — Remission of Duties and Taxes on Exported Products and Remission of State and Central Taxes and Levies — have been excluded to avoid overlap with similar schemes and to remove low-value added or sensitive exports. Defence and dual-use products are included.

Source: business-standard.com– Jan 02, 2026

HOME

****

Strong start to year but deregulation holds key to competitiveness

The new year has begun with a flurry of trade-related announcements across ministries, offering a snapshot of the government's economic priorities and its reading of current global and domestic conditions. The Director General of Foreign Trade (DGFT) issued three trade notices, laying down guidelines for collateral support for export credit, interest subvention for pre- and post-shipment finance, and market access assistance under the Export Promotion Mission. It also standardised formats and permissions for export oriented units (EOUs). These measures aim to ease procedures, lower transaction costs, and improve access to finance for exporters.

The ministry of ports, shipping and waterways added to the momentum by notifying operational guidelines for two flagship shipbuilding initiatives — the Shipbuilding Financial Assistance Scheme and the Shipbuilding Development Scheme. These measures seek to strengthen domestic shipbuilding capacity, reduce dependence on foreign yards, and enhance India's global competitiveness in a strategically important sector.

From the finance ministry came a mix of revenue-raising and trade-defence actions. Taxes on tobacco products will increase from the beginning of next month. Safeguard duty was imposed for three years on certain steel items, and anti-dumping duties were notified on six more products.

The ministry also operationalised certain provisions of trade agreements with Australia and the European Free Trade Association, extended the transitional period for implementing the Sea Cargo Manifest and Transshipment Regulations, 2018, and continued efforts to align customs procedures with international practices.

The commerce ministry complemented these steps by permitting the export of 50,000 tonnes of organic sugar, restricting imports of low-ash metallurgical coke of specified grades, and extending the minimum export price on natural honey. These measures reflect a calibrated approach—encouraging exports where domestic availability permits, while restraining imports that could harm local producers.

Taken together, these announcements indicate the government's resolve to support exports, facilitate trade, improve market access through trade agreements, promote self-reliance in shipping, protect vulnerable domestic industries, and shore up revenues that may have been affected by recent cuts in goods and services tax rates.

They also coincide with official claims that India has become the world's fourth largest economy, having overtaken Japan, and remains the fastest-growing major economy.

These assertions are supported by encouraging GDP growth in the first two quarters of the financial year, relatively low inflation, easing interest rates, improving employment indicators, and comfortable foreign exchange reserves. This resilience has held despite foreign institutional investors withdrawing funds from equity markets, putting pressure on the rupee. Several ministries have highlighted their achievements through year-end press releases, reinforcing a sense of confidence.

Yet, the very need for fiscal support to exports and protective duties for domestic producers underlines a deeper concern: weak competitiveness. While aggressive pricing by Chinese producers has intensified pressure in global markets, structural challenges persist. Limited scale, high logistics and transportation costs, compliance burdens, and regulatory uncertainties continue to erode the competitiveness of Indian products.

The government appears aware of these constraints. High-level committees have been tasked with reviewing regulatory frameworks, leading to the withdrawal or deferment of several quality control orders.

For importers and exporters, the key expectation this year is further deregulation — simpler procedures, predictable compliance, and lower costs.

How far the government is willing to pursue deregulation, while navigating a difficult global trading environment and balancing domestic vulnerabilities, will determine whether this early-year optimism translates into sustained export growth.

Source: business-standard.com – Jan 04, 2026

HOME

****

Cross-border ecommerce set to get easier; Focus on MSMEs

New Delhi: The upcoming budget may give a fillip to cross-border ecommerce, especially by micro, small and medium enterprises (MSMEs).

Officials said the government is contemplating relaxing rules for return of goods as well as enhancing the value limit for ecommerce exports through couriers from the current ₹10 lakh per consignment, to align with the central bank's ₹25 lakh cap for cross-border payment aggregators.

"Some relaxations and policy changes are being discussed... The focus could be on MSME-driven cross-border ecommerce," said an official.

Easing regulations is key, as India is developing dedicated ecommerce export hubs for facilitating such trade. The aim is to support SMEs, artisans and small businesses.

Clarity in Reverse Logistics

This is by reducing the cost and time associated with logistics, streamlining regulatory processes and simplifying re-imports for ecommerce returns or rejects. These dedicated ecommerce export hubs will have warehousing facility for easy storage, customs clearance, returns processing, labelling, testing and repackaging.

"The government is keenly looking at the issues of courier exports and reverse logistics," the official said. Reverse logistics include handling rejected or returned consignments, including re-import and disposal.

There has been demand from the industry for clear guidelines to recognise returned ecommerce exports as re-imports of returned goods. Lack of a standard operating procedure now makes the process complicated for ecommerce exporters, often MSMEs, to claim the returned items without paying duty. Exporters said at present customs must certify that the same product is being re-imported; otherwise they need to pay duty.

"There should be no undue burden on MSMEs when it comes to reverse logistics," the official said.

Fashion and apparel, gems and jewellery, home and living, organic wellness and beauty, and handcrafted lifestyle products are India's key ecommerce export products.

India has set itself a merchandise exports target of $1 trillion by 2030, aiming for a compounded annual growth rate of 12.2%, and cross-border ecommerce has been identified as a contributor to meet this aim. India's ecommerce exports through the postal and courier routes are pegged at $1.5 billion a year. Global cross-border ecommerce is estimated to grow to up to $2 trillion by 2030.

The Foreign Trade Policy 2023 has a stated objective to enable cross-border ecommerce for artisans, weavers, craftsmen and MSMEs. Under the policy, the government increased the courier export limit to ₹10 lakh per consignment, extended the Duty Drawback and Remission of Duties and Taxes on Exported Products benefits to courier-mode exports, established over 1,000 post office export centres and eased procedures related to the Export Data Processing and Monitoring System to lower compliances and boost small-scale ecommerce exports.

Source: economictimes.com– Jan 02, 2026

HOME

****