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Currency Watch			
USD	EUR	GBP	JPY
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INTERNATIONAL NEWS

Trump DOJ Poised to Drop the Hammer on Tariff Evaders in 2026

If 2025 was the year of tariff policy, 2026 is slated to become the year of enforcement.

The Department of Justice under President Donald Trump has been readying itself for months to begin seriously cracking down on violators of trade laws—namely, the “reciprocal” and punitive duties levied last year on imports from countries across the globe.

There will be a “wave” of lawsuits aimed at importers—including those in the apparel sector—that seek to undermine the administration’s tariff strategy or dodge the duties, according to Reed Smith partner Mark Bini. The former federal and state prosecutor (who now represents clients in government investigations and cross-border litigation, among other matters) said the Trump administration has made it crystal clear that a successful rollout of its tariff strategy is priority No. 1.

Acting Attorney General Matt Galeotti has been explicit that rooting out trade fraud and tariff evasion in particular are vital to the DOJ’s mission this year. Last summer, DOJ announced that it would combine its civil and criminal resources to form the Market Government and Consumer Fraud Unit, honing their collective assets to focus on the investigation and prosecution of customs fraud. The Department also expanded its Trade Fraud Task Force, combining the potent powers of the Department of Homeland Security, Customs and Border Protection (CBP) and Immigration and Customs Enforcement (ICE).

That internal investment is telling, Bini believes, as these groups will be laser focused on stopping tariff evasion—schemes that could come in the form of transshipment, misclassification, undervaluation or country-of-origin fraud.

“With tariff evasion, we now are at a point where there’s the possibility—and frankly, unfortunately, the temptation—by certain bad actors to evade tariffs to the tune of millions and millions of dollars,” Bini told Sourcing Journal. The fiscal incentive to find tariff workarounds is through the roof now that the duties have reached historical highs not seen in nearly a century.

But the government is prepared, he believes, with DOJ treating tariff evasion as an issue of national and economic security, not just a matter of customs compliance.

"I think by having DOJ bring over additional prosecutors from the civil side to sit in the fraud section and look at trade fraud, and then announcing a task force of different agencies… they're going to get a lot of information on tariffs," he explained, underscoring the potency of the amalgamation of resources. "When you bring those assets together, that coordination results, typically, in lots of investigations and criminal prosecution, because the DOJ and the government are going to want some return of on investment."

Bini draws parallels between the rollout of the Trump administration's tariff enforcement strategy and that of the Foreign Corrupt Practices Act (FCPA) in the 1990s, which prohibits individuals and companies within the United States and abroad from bribing foreign government officials for business purposes. In the early 2000s, the government threw significant firepower behind the initiative, creating specialized units for investigating and prosecuting such fraud. The effort resulted in dozens of investigations and penalties worth billions of dollars, according to Bini.

It also pushed firms to invest heavily in transparent financial reporting in order to prove their compliance, he said. "We're now seeing the same with trade fraud and tariff evasion; that's the new FCPA under the Trump 2.0 administration," he added. "Companies will need to be increasingly cognizant."

The lawyer projects that during the second quarter of 2026, more cases will be brought against those that, either due to malfeasance or neglect, fail to comply with the laws, especially 18 USC 545 for smuggling, 18 USC 545 for false statements, 18 USC 1343 for wire fraud, and 18 USC 1956 and 1957 for money laundering. "I think most importantly, frankly, for potential criminal prosecution, is going to be wire fraud and money laundering, because of the size of the tariffs involved," he said.

Notably, he also expects that it won't just be brokers and freight forwarders that face criminal liability for violations—it will be household name companies. And as entities of all kinds doing business across the globe seek to ready themselves for an onslaught of probes, they should be ready to respond, he believes.

What should that response entail? Data. Lots of it.

Historical classification files, supplier certifications, routing documentation, communications with logistics providers and internal compliance manuals and training records are among the assets Bini said companies should be compiling with a high level of diligence.

“I think that companies should be looking at these areas and doing some assessment: ‘How strong are we? How strong is our compliance in this area? Because it’s going to be tested, whether we are directly involved or we are indirectly involved. We may receive a subpoena, we may receive a call. So what do our records look like?’” Bini said. “And if they think they have a problem, I do think an ounce of prevention is absolutely the best remedy here.”

Companies that keep meticulous records will be better positioned to fend off accusations of misconduct supposing bad acts are perpetrated by a third party like a customs broker, for example. “The best way to show that is by having clean records, by having a strong compliance program. ‘We took steps to avoid this, and this bad guy fooled us. They deceived us.’ That’s going to be something that is going to get you out of having criminal liability and hopefully terminate any investigation of your company quickly,” he added.

Bini also believes that investigations will ramp up as more reports about tariff evasion are filed—some, inevitably, by companies competing against each other for the same business. “If you’re a company that is being a good actor, and you’re paying your tariffs, but you notice a competitor who’s taking advantage of it… you may refer that to DOJ for investigation and prosecution,” he said. It’s a phenomenon that he’s seen picking up in recent months, and he doesn’t expect it to slow any time soon.

Of course, the existence of the tariffs as they stand is still in question as the fate of Trump’s International Emergency Economic Powers Act (IEEPA) tariffs is under consideration by the Supreme Court. Some legal experts believe it’s likely that the high court will uphold the rulings of the two lower courts that previously invalidated the duties.

But companies responsible for compliance with the trade laws shouldn't rest easy in that assurance.

"They're going to have to comply," Bini said. "This is going to be an issue no matter how the Supreme Court comes down," he explained, opining that the administration will turn to other statutes to impose duties—a threat it has made, repeatedly, in the face of the legal challenges to the current regime.

"Of course, everyone's going to be watching because, [that decision] is going to change the past," he added. "But going forward, do I think there's going to be tariffs? Yeah, I think there's going to be tariffs."

Source: sourcingjournal.com– Jan 05, 2026

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Hong Kong Debuts Digital Platform to Centralize Cargo Tracking

Hong Kong is rolling out a digital platform aimed at tracking cargo in real time and sharing data across different modes of transport including sea, land and air to bolster end-to-end visibility for supply chain stakeholders in the special administrative region.

In launching the Port Community System (PCS), Hong Kong wants to promote digitization within its port community, improve information interconnectivity across sectors, enhance the Port of Hong Kong's competitiveness as a transshipment hub and better connect the port with other global gateways.

First announced last May by Hong Kong's federal Transport and Logistics Bureau (TLB), the platform is set to debut in January. The government allocated 215 million Hong Kong dollars ($27.6 million) to install the system.

A presentation from the bureau indicated that the port had lacked a unified data-sharing system for stakeholders involved in the cargo delivery process, and sought to follow in the footsteps of major port cities such as Singapore and Europe's Rotterdam and Hamburg, which gradually developed their own systems.

Mable Chan, China's secretary for transport and logistics, said in a post on the TLB website in June that the system is designed to make shipping fully transparent to promote fast and accurate logistics operations.

"The PCS, as a one-stop platform, can 'internally connect' all relevant units in the local logistics supply chain and 'externally link' with domestic and international ports, as well as global shipping commercial data platforms, keeping us at the core of the digital shipping world," Chan said.

Importers and exporters, shipping companies, warehousing companies, trucking firms, freight forwarders and port terminal operators can all participate in the PCS.

The bureau's presentation indicates that users can enter a bill of lading number in the PCS to gather a vessel's location, departure and arrival time, alongside expected container release status. Similarly, users can enter a waybill number for air cargo to track boarding, departure and arrival time.

Users can also generate a QR code to facilitate identification of cargo by transportation and logistics companies operating on land. A truck driver can activate location tracking to share the truck's real-time location with other parties, while warehouse staff can scan the provided QR code for confirmation, so all parties are informed of the goods' arrival at the warehouse.

Operators in Mainland China can enter a customs declaration number to find out the clearance status of the cargo.

According to program documents, 49 container shipping companies opted into the system as of September, including the largest global ocean carriers such as Mediterranean Shipping Company (MSC), Maersk, CMA CGM, Hapag-Lloyd, Cosco Shipping and Ocean Network Express (ONE).

Air cargo carriers including FedEx, UPS, Hong Kong-based Cathay Pacific, Atlas Air, Qatar Airways, China Southern Airlines and Lufthansa are among 112 airlines involved in the program.

The pilot data-sharing platform began phased testing of specific cargo clearance processes in early 2023, incorporating feedback from industry stakeholders to bolster the system.

After the testing and optimization process, Hong Kong's government-funded Logistics & Supply Chain MultiTech R&D Centre (LSCM) assisted the bureau in the full development of the system. The LSCM will continue to operate the system for the bureau upon its launch.

The bureau said in May that the PCS can also help facilitate trade finance processes due to the real-time cargo status data that is collected, helping financial institutions and small and medium-sized businesses reduce credit costs and processing times.

During May's launch ceremony, the bureau unveiled that it signed its first agreement with the Guangdong e-Port Management Company to enhance cooperation between the Port of Hong Kong and ports in South China's Guangdong province.

The Guangdong e-Port Management Company operates digital platforms that handle customs declarations, cargo manifests, inspections and data exchange for cross-border trade that are used in the province's major ports like Shenzhen and Guangzhou.

With the agreement, the parties can use the PCS to complete and submit ocean manifests before vessels enter the South China ports.

At the time, Hong Kong's government said it would continue to explore other ports across Mainland China to partner with via the PCS.

"The PCS is a critical infrastructure for the future development of Hong Kong's port and maritime sectors. It marks a significant step in our port community's digital transformation," said Chan during the ceremony. "It will also help facilitate trade and capital flows, enhance Hong Kong's resilience and influence as an international maritime center to meet the challenges of an increasingly complex international environment, and serve our country's strategic goal of becoming a maritime powerhouse."

According to the TLB presentation, PCS can interface with existing cargo tracking systems so information can be shared with minimal disruption to the workflow.

Source: sourcingjournal.com– Jan 05, 2026

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Japan factory activity stabilises after 5 months of contraction in Dec

Japan's manufacturing sector showed signs of stabilisation in December 2025, as business conditions levelled off after five months of deterioration, according to the latest S&P Global Japan Manufacturing PMI survey. The headline PMI rose to the neutral 50 mark in December from 48.7 in November, signalling stable operating conditions at the end of the year.

New business declined at its slowest pace in 19 months, marking the weakest reduction since May 2024. While overall demand remained subdued, some manufacturers reported improved sales supported by new projects and stronger-than-expected customer spending. Output was broadly stable, with production falling only marginally at the slowest pace in the current six-month downturn, S&P Global said in a press release.

Employment continued to expand, with firms increasing staffing levels at the fastest rate in four months, often in anticipation of stronger demand ahead. This helped reduce outstanding business, although the pace of backlog depletion eased to its slowest level in 18 months. Purchasing activity fell only marginally, while manufacturers continued to run down inventories amid muted demand conditions.

Supply-side pressures persisted, as delivery times lengthened due to material shortages and extended shipping times, though the deterioration in vendor performance remained modest. Sub-sector data showed improved conditions for consumer and investment goods producers, while intermediate goods manufacturers faced weaker performance.

Cost pressures intensified notably in December. Input prices rose at the fastest pace since April, driven by higher raw material and labour costs, as well as the impact of a weak yen. As a result, manufacturers raised output charges again at a solid pace to protect margins.

Business confidence dipped from November's recent high but remained above the long-run average. Firms continued to express optimism about the year-ahead outlook, citing hopes of new product launches and a recovery in customer demand during 2026, despite ongoing concerns around global economic conditions, rising costs, and demographic challenges.

“Japan's manufacturing industry saw conditions stabilise at the end of the year, with factories reporting a much weaker reduction in sales and largely steady production levels,” said Annabel Fiddes, economics associate director at S&P Global Market Intelligence. “There was also good news on the employment front, with staffing levels rising at a slightly quicker pace as firms projected greater demand in the months ahead.”

“There were signs of stronger cost pressures in December, with input prices rising at the sharpest rate since April as higher raw material and labour costs, along with a weak yen, pushed up expenses. This led firms to raise their charges solidly as they looked to ease pressure on margins,” added Fiddes.

Source: fibre2fashion.com– Jan 06, 2026

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Chinese retailers face weak demand, price wars, omni-channel shift

Retailers in China are navigating a challenging landscape characterised by weak consumer sentiment and fierce price competition, according to PwC. Many are grappling with the transition from traditional brick-and-mortar operations to an omni-channel presence, while also seeking ways to significantly reduce their dependence on 'slotting fee' income models—where retailers charge brands for a particular physical or online location.

Against this backdrop, PwC Hong Kong has released two reports offering in-depth insights into China's evolving consumer market. 'Strategic imperatives to advance category management and private brands' highlights the growing importance of category management and private brand development, while 'PwC's Voice of the Consumer 2025 global survey—China: The new Chinese consumer: food, health, and sustainability' examine shifting consumer priorities amid intense competition.

Despite near-term pressures, PwC maintains a positive long-term outlook. The firm identifies four factors expected to shape the future of China's consumer market, led by the rapid expansion of the upper middle-income population.

Households with annual disposable income above $25,000 rose to 64 million in 2024 and are projected to nearly double by 2029. China ranked second globally in 2024, with 26.8 million households earning over $35,000 annually, presenting strong opportunities for premium and luxury brands, according to the EIU estimates cited in the report.

At the same time, with 33 per cent of households expected to earn $10,000 or less by 2029, PwC sees significant scope for private brands offering affordable, good-quality products.

PwC noted that leading players have embraced category management and private brand strategies, setting benchmarks for peers and helping unlock consumer spending through more compelling product and service offerings.

Chinese consumers are outpacing global peers in their focus on health, sustainability and openness to international products, creating opportunities for new categories and innovation.

Finally, expectations of a stronger Chinese yuan by 2026, combined with a stabilising housing market, could lift consumer confidence and stimulate domestic consumption.

PwC underscored the untapped potential of private brands and category management. It found that private brand penetration in China stands at just 4.4 per cent, compared with 20.7 per cent in the US and an average of 38 per cent across the EU.

The report also stated that Chinese retailers lag Western peers in category management maturity, particularly in supplier collaboration, private brand development and the strategic use of category captains.

Professor Ananth Raman of Harvard Business School said Chinese retailers have made ‘tremendous progress’ over recent decades, but the next phase will require continued innovation in both products and business practices to improve performance and better serve consumers.

Carrie Yu, PwC China consumer markets industry leader said China’s growing middle-income population, combined with a rising focus on health and sustainability, presents major opportunities for retailers.

Jasper Xu, PwC China consulting markets leader, added that turning data into shared category management assets is key to closing maturity gaps and driving collaborative innovation.

Jenny Tsao, PwC Hong Kong consumer markets tax leader, noted that new tax incentives and opening-up policies are creating fresh opportunities, while also increasing compliance and governance requirements for businesses operating in China.

Source: fibre2fashion.com– Jan 06, 2026

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Egypt unveils measures to localize textile value chain

In a high-level consultation held on January 5, 2026, Kamel Al0-Wazir, Deputy Prime Minister for Industrial Development, Egypt unveiled a series of measures aimed at localizing the entire textile value chain.

The initiative seeks to bridge supply-chain gaps in the ready-made garments (RMG) and home furnishings sectors, which currently face an over-reliance on imported fabrics. By mandating that new garment factory licenses include spinning and textile manufacturing components, the Industrial Development Authority (IDA) is enforcing a policy of full industrial integration to ensure 'sovereign' production cycles.

Combating customs evasion and market irregularities

A newly formed committee, comprising the Ministry of Industry and the Federation of Egyptian Industries, has been tasked with curbing customs evasion and 'predatory' pricing from unregulated imports. Al-Wazir announced, the committee will intensify monitoring of factories in free zones and those utilizing 'temporarily admitted' raw materials.

The objective is to ensure that imports are strictly calibrated to actual production capacities, protecting local manufacturers who adhere to stringent quality standards from unfair competition.

Partnerships and petrochemical independence

The government is aggressively pursuing private-sector partnerships to modernize state-owned spinning and weaving mills. These joint financing models allow private entities to leverage public-sector infrastructure - including land and machinery - while providing operational expertise.

Furthermore, to reduce dependence on imported polyester, the Ministry is scaling up investment in the petrochemical sector, targeting a significant increase in domestic yarn production of cotton, flax, polyester, and wool to meet the rising demand from global brands sourcing in Egypt.

Egypt's textile sector is a cornerstone of the national economy, employing approximately 1.5 million workers and targeting $12 billion in exports by 2031.

The government's Vision 2030 strategy focuses on revitalizing state-owned factories through $1.5 billion in upgrades and establishing integrated 'Textile Cities' in Minya and Fayoum. Key product categories include high-quality Giza cotton, flax, and RMG for the US and EU markets, with growth driven by strategic petrochemical localization and competitive energy costs.

Source: fashionatingworld.com– Jan 05, 2026

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Turkiye manufacturing downturn eases to mildest level in a year in Dec

The Turkish manufacturing sector edged closer towards stabilisation in December, as business conditions showed only a slight moderation at the end of 2025, according to the latest Istanbul Chamber of Industry Turkiye Manufacturing PMI survey. The headline PMI rose for a second consecutive month to 48.9 from 48 in November, remaining below the 50 no-change thresholds but marking the mildest deterioration in operating conditions in the past 12 months, with softer slowdowns across output, new orders, employment and purchasing activity amid emerging signs of improving demand.

New orders declined at the slowest pace since March 2024, with some firms reporting better customer demand. Despite this improvement, both total new business and export orders continued to ease during the month. Production was also scaled back again, extending the current sequence of contraction to 21 months, although the pace of moderation was the weakest in a year, S&P Global said in a press release.

Purchasing activity and employment saw softer reductions, with workforce numbers easing only marginally and at the least pronounced rate since March 2025. At the same time, inventories of both inputs and finished goods fell sharply, reflecting cautious stock management.

Inflationary pressures strengthened after easing in November. Input costs rose sharply amid higher raw material prices, prompting manufacturers to increase their own selling prices at the fastest pace in eight months.

“With the Istanbul Chamber of Industry Turkiye PMI Manufacturing Index reaching its highest level for a year in December, the manufacturing sector takes some momentum into 2026, giving hope that we will see growth in the months ahead. A number of survey respondents noted that customer demand improved at the end of 2025, leading to softer slowdowns in new orders, output and employment,” said Andrew Harker, economics director at S&P Global Market Intelligence. “While inflationary pressures rebounded following the recent lows seen in November, rates of increase in input costs and output prices were still comfortably below the highs we have seen at times in recent years and so shouldn't act to restrict demand for now.”

The PMI data showed that Turkish manufacturing output moved closer towards stabilisation in December as the pace of decline eased for the second month running. While some firms continued to cut production due to weaker order inflows, others reported expanding output in response to improved demand conditions.

Employment levels moderated for the thirteenth consecutive month, although the decline was only slight and the weakest since last March. Survey respondents cited a mix of staff resignations and selective hiring as manufacturers adjusted workforce levels amid tentative demand recovery, added the release.

Source: fibre2fashion.com– Jan 05, 2026

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Eurozone manufacturing slides further into contraction in December

The eurozone's manufacturing sector moved deeper into contraction at the end of 2025, with the HCOB Eurozone Manufacturing headline PMI falling to 48.8 in December from 49.6 in November, slipping further below the 50 no-change thresholds. The reading marked the lowest level since March 2025, signalling a sharper, though still mild, deterioration in factory operating conditions.

The eurozone's manufacturing sector suffered a renewed setback as production declined for the first time since February and demand weakened sharply, S&P Global said in a press release.

Manufacturing conditions worsened across several major euro area economies. Germany recorded the weakest performance among the eight monitored countries, posting its steepest deterioration since February last year. Italy and Spain also slipped back into contraction, pointing to renewed weakness in southern Europe. In contrast, France bucked the broader trend, with its PMI jumping to a 42-month high, marking its strongest expansion since June 2022. Greece and Ireland continued to lead the rankings, while the Netherlands remained in modest growth territory.

After nine consecutive months of expansion, eurozone factory output declined in December, driven by an accelerated fall in new orders. New business contracted for a second successive month, with the pace of decline the sharpest since early 2025. Export demand was a key drag, as international orders fell at the fastest rate in 11 months.

Manufacturers responded by cutting purchasing activity at the strongest pace since March last year, while inventories of raw materials and intermediate goods declined notably. Finished goods stocks also fell, though at the slowest rate since September 2024.

Supply-chain pressures showed signs of re-emerging. Average supplier delivery times lengthened by the most since October 2022, while input cost inflation rose for a second month in a row to a 16-month high. Despite firmer cost pressures, manufacturers continued to discount output prices, with selling prices falling for the seventh time in the past eight months.

Employment conditions remained weak, with factory job losses extending into December and the current downturn in manufacturing employment stretching beyond two-and-a-half years. At the same time, backlogs of work continued to fall, indicating sufficient spare capacity across the sector.

Despite the challenging near-term conditions, business sentiment improved. Manufacturers' expectations for output over the coming year reached their strongest level since February 2022, just before Russia's full-scale invasion of Ukraine.

"Demand for manufactured products from the eurozone is slowing down again. Significantly fewer orders, declining order backlogs, and continued inventory reduction are the most obvious indicators of this. It is not surprising that companies are continuing to cut staff in this environment. Companies seem neither able nor willing to build momentum for the coming year, but are instead exercising caution, which is poison for the economy," said Dr Cyrus de la Rubia, chief economist at Hamburg Commercial Bank.

He added that while 2025 saw some easing of the downturn, the sector failed to move onto a sustainable growth path. "For 2026, however, there is hope that Germany's economic stimulus programme and rising defence spending across Europe will breathe new life into the industry," de la Rubia said, noting that confidence among manufacturers has risen further.

On pricing pressures, he observed: "Input prices have risen for the second month in a row. This cannot be due to energy prices, as oil and natural gas prices fell in December. However, industrial metals such as copper and tin saw a sharp rise… One explanation could be supply-chain problems, as indicated by longer delivery times."

Highlighting regional divergences, de la Rubia said Spain's recent slip into contraction and renewed weakness in Germany and Italy were disappointing, while France showed 'signs of life again'. He cautioned that gaining traction in 2026 will be challenging, although expansionary fiscal policy could provide some support.

Source: fibre2fashion.com– Jan 05, 2026

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China tariff cuts to benefit strategic fibres & textiles, not apparel

China's decision to apply lower import tariff rates on selected goods from January 2026 is set to benefit a narrow but strategic segment of the textile value chain, with the focus squarely on upstream and intermediate inputs rather than finished apparel, according to a State Council announcement. The move will benefit nearly a dozen countries, including Japan, South Korea, Vietnam and Turkiye.

According to the announcement, the tariff adjustments are designed to support industrial upgrading and stabilise supply chains. Within textiles, the reductions mainly cover man-made and speciality fibres, chemical fibre filaments and yarns, and advanced textile inputs that are either in short domestic supply or essential for high-value manufacturing. Products linked to technical and functional textiles, blended yarns, and performance fabrics used in export-oriented production are set to gain the most. The scope also includes textile auxiliaries used in dyeing and finishing, as well as textile machinery components and spare parts, helping manufacturers lower operating costs.

Finished garments, including cotton-based apparel and mass-market clothing, are not part of the reduced-tariff list, limiting the impact on consumer-facing imports and reinforcing the policy's manufacturing-led intent.

In terms of sourcing countries, Japan and South Korea are among the key beneficiaries, given their strong positions in speciality fibres, high-performance yarns and advanced textile chemicals. Taiwan is also well placed to gain, particularly in man-made fibre yarns and technical textile inputs. Within Southeast Asia, Vietnam, Thailand, Indonesia and Malaysia are likely to benefit through increased shipments of synthetic yarns and intermediate textile materials under the Regional Comprehensive Economic Partnership framework.

Outside Asia, Turkiye and Italy could see selective gains in niche yarns, premium fibres and specialised textile components used in high-end or technical applications. Least-developed garment exporters such as Bangladesh and Cambodia are expected to see limited direct benefit, as their exports to China are concentrated in finished apparel, which remains outside the scope of the tariff cuts.

Overall, the move signals China's intent to lower input costs, stabilise textile manufacturing margins and strengthen export competitiveness, particularly in technical and value-added textiles, rather than encourage higher imports of finished clothing.

Source: fibre2fashion.com– Jan 05, 2026

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UK industrial activity stabilises further in Dec; PMI rises to 50.6

The UK manufacturing sector showed further signs of stabilisation in December 2025, with output expanding for a third consecutive month and new orders rising for the first time since September 2024, according to the latest S&P Global UK Manufacturing Purchasing Managers' Index (PMI) survey. The seasonally adjusted PMI rose to 50.6 from 50.2 in November, a 15-month high, remaining above the neutral 50 mark for a second consecutive month, though it was below the earlier flash estimate of 51.2.

Three key PMI sub-components signalled improving operating conditions, as output and new orders increased and suppliers' delivery times lengthened. Although stocks of purchases and employment continued to decline, the pace of contraction eased compared with November, S&P Global said in a press release.

Production growth was largely driven by stock building and efforts to clear backlogs of work, alongside a modest improvement in demand. Manufacturers also benefited from easing headwinds towards the end of the year, as the negative impacts of uncertainty linked to the Autumn Budget, tariffs and the JLR cyber-attack moderated.

Output expanded across the consumer, intermediate and investment goods sectors, marking the first instance of simultaneous growth since August 2024. However, expansion remained uneven, with growth concentrated among large manufacturers, while small and medium-sized firms continued to record downturns in both output and new orders.

New business inflows increased slightly, supported mainly by domestic demand. New export orders contracted for the forty-seventh consecutive month, although the pace of decline was mild and among the weakest recorded during this prolonged downturn. Survey respondents reported early signs of recovering demand from the US, Asia Pacific (APAC) and Middle East markets.

Employment fell for a fourteenth successive month, but job losses eased to their weakest rate over this period. Workforce reductions were attributed to redundancies, hiring freezes, non-replacement of leavers and cost-control measures. Despite this, spare capacity persisted, with backlogs of work declining for the forty-fourth month running, albeit at a much slower pace.

Some firms also reported suppliers passing on higher payroll-related costs. Small and medium-sized manufacturers faced sharper cost increases than larger firms. After declining in November, factory gate prices returned to growth.

Business confidence slipped from November's nine-month high, reflecting ongoing concerns around elevated costs, increased taxation, reduced international competitiveness, geopolitical uncertainty and potential government policy impacts.

"Further signs of growth emanated from the UK manufacturing sector before the turn of the year. Output rose for the third successive month and new order intakes improved, albeit slightly, for the first time since September 2024," said Rob Dobson, director at S&P Global Market Intelligence. "The domestic market remained a positive spur to growth while new export business, despite having now fallen for almost four consecutive years, took a sizeable stride towards stabilising."

"UK manufacturers benefited from several reduced headwinds towards the end of the year, as the negative impacts of the uncertainty surrounding the Autumn Budget, tariffs and the JLR cyber-attack all moderated," added Dobson. "The start of 2026 will show if growth can be sustained after these temporary boosts subside.

The base of the expansion needs to shift more towards rising demand and away from inventory building and backlog clearance. December's interest rate cut will hopefully play some part in assisting this transition, encouraging manufacturers and their customers to increase spending and investment. Manufacturers remain uncertain on this score, with business optimism falling for the first time in three months in December."

Source: fibre2fashion.com– Jan 05, 2026

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Heimtextil 2026 prepares global textile industry for future with AI

Artificial intelligence (AI) rapidly transforms the textile industry – from creation and production to pricing, distribution and communication. But how can AI be applied successfully, and where does it truly add value? Heimtextil addresses these questions from 13 to 16 January 2026: The comprehensive programme dedicated to the key future field AI strengthens the global industry and opens up new business opportunities as well as practical applications for design, retail, industry, architecture, interior design and contract furnishing. Highlights include the progressive Heimtextil Trends 26/27 by Alcova, the design installation by Patricia Urquiola and the live talk with AI pioneer Tim Fu.

AI accelerates creative processes and reshapes working methods along the entire textile value chain – from design concepts and material visualisations to data migration and everyday workflows, to the implementation of new products and concepts. Heimtextil 2026 makes these developments tangible and brings together renowned experts who demonstrate how AI is used in practice and what potential it offers the industry.

AI from stage to practice

The central knowledge hub is the Texpertise Stage in Hall 6.0. This is where Heimtextil brings together a forward-looking, business-relevant content programme and translates technological innovation into practical insights for the industry. One of the highlights is the live talk with Tim Fu: the London-based architect and AI pioneer discusses interior design in the age of AI with Simon Keane-Cowell, Editor-in-Chief of Architonic. On the first day of the fair, Anja Bisgaard Gaede (Founder, Spott trends & business aps) talks about workflows, data integration and the textile future shaped by AI. Elisabeth Ramm (Atelier Brückner) shares insights into AI and materials in exhibition design. Using tangible examples, Martin Auerbach (Association of German Home Textiles Manufacturers) explains how AI is used in everyday work and how companies can integrate it profitably into their daily workflows. Sleep expert Markus Kamps moderates dedicated sessions on the megatrend of sleep and technology, featuring numerous guest speakers. At the Talk Spot in Hall 12.0, Architonic hosts a discussion with exhibitor Oriental Weavers on carpets between craftsmanship and global production.

Heimtextil Trends 26/27: AI impulses for design, retail and industry

How can AI-driven design processes be combined with traditional textile craftsmanship? The Heimtextil Trends 26/27 provide answers and orientation for the coming season under the motto “Craft is a verb”. In the Trend Arena in Hall 6.1, the design platform Alcova presents six stylistic directions that explore how high-tech and craftsmanship interact. This interplay becomes visible in a vibrant colour palette, where “glitches”, unexpected digital disruptions, and radical synthetic accents deliberately break through the natural colour spectrum. Daily talks and guided tours with experts translate the trend themes into concrete business insights.

"among-all“: AI-generated design experience by Patricia Urquiola

What happens when we ourselves become part of AI-based creation? Patricia Urquiola explores this question in her installation “among-all” (Hall 3.0). The designer combines futuristic textile elements, sustainable materials and new AI technologies. “among-all” showcases how textiles can function as transformative and intelligent materials and actively involves visitors in the spatial staging. In a live talk on 14 January 2026, the design icon discusses her visionary approach on the Texpertise Stage. Daily guided tours bring the interior design of tomorrow to life.

AI as creative partner for the contract business

With Interior.Architecture.Hospitality, Heimtextil offers decision-makers from interior design, architecture, hospitality and the contract business a customised programme. At the dedicated Talk Spot in Hall 3.1, Mauro Brigham (Founder ncbham) discusses why design is never static. Helen Häkli (Freelance Architect, bdia) shows how AI is used as a creative partner in interior design. Further specialised lectures, including contributions from Corinna Kretschmar-Joehnk (JOI-Design) and Robin Hepp (Kids Studio), complement the extensive hospitality programme.

New opportunities for craftsmanship and interior decoration

What AI can deliver in concrete terms for interior decoration and the crafts sector is demonstrated by AI expert Alexander Ligowski on the DecoTeam Stage in Hall 3.0. Using selected examples, he provides hands-on insights into AI-supported interior design – ranging from room and colour concepts to sales support, text generation for social media and the optimisation of quotations.

New Talents Area: perspectives of the next design generation

How is the next generation of designers engaging with AI technology? In 2026, Heimtextil offers fresh insights with the debut of the New Talents Area in Hall 6.1. The curated exhibition presents emerging design talents from around the world and enables direct exchange with international newcomers.

Heimtextil 2026 takes place from 13 to 16 January 2026.

Source: fibre2fashion.com– Jan 05, 2026

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The 2026 Global Textile Segments Outlook: From volume commodities to value-driven precision

This report is the eighth installment of the "Wrap Up 2025, Outlook 2026" series, providing a definitive roadmap for the industry's high-growth categories and regional shifts.

The 2026 global textile landscape is defined by a decisive move away from general-purpose manufacturing toward specialized, high-performance materials. As we move through the year, capital expenditure in the industry is being redirected into the "Double Agenda", fabrics that meet stringent performance requirements while remaining fully compliant with new global trade mandates. The total global textile market is valued at approximately $2,281.51 billion for 2026, maintaining a compound annual growth rate (CAGR) of 7.35%. This growth is increasingly concentrated in segments that offer measurable functional value over basic aesthetics.

Segment Analysis: Commercial dynamics and strategic stories

Sector/ Segment	2025 Market Size (Est)	2026 Projected Size	CAGR (2025-26)	Key Growth Catalyst
Apparel (Overall)	$1.84 Trillion	$1.91 Trillion	3.80%	Casualization & E-commerce
Performance Textiles	$105.40 Billion	$113.72 Billion	7.90%	Biometric & Smart Sensing
Knits & Sportswear	$325.40 Billion	$348.18 Billion	7.00%	Tech-Performance Blends
Technical Textiles	$255.12 Billion	$271.83 Billion	6.55%	Med-Tech & Mobil-Tech
Home Textiles	$149.09 Billion	$158.16 Billion	6.08%	Smart Bedding & Wellness
Denim Apparel	$78.90 Billion	$84.11 Billion	6.61%	Waterless Dyeing & Circularity
Bedroom Linen	$67.09 Billion	$71.16 Billion	6.07%	Functional Finishes

2026 sector performance and growth projections

The following data outlines the market valuation and growth trajectories for the dominant industry segments as they stand in the current 2025–2026 cycle.

Performance Textiles: The "Sensing & Adaptive" suite

Performance textiles have emerged as the fastest-growing niche, projected to reach $113.72 billion in 2026 with an industry-leading 7.9% CAGR. This segment has evolved from simple moisture-wicking gear into "Adaptive Wear", fabrics that use conductive yarns and chromic materials to react to body temperature or environmental shifts. Commercial adoption is being driven by the integration of biometric sensors directly into the fiber matrix, allowing garments to track heart rate and muscle fatigue without external devices. In 2026, the market has split into two distinct tiers: high-end professional "Bio-data" wear and mass-market "Climate-adaptive" apparel that provides breathable insulation in cold weather and active cooling in heat. This segment is a primary winner for North American and Japanese firms, who hold the majority of patents for conductive textile polymers.

Home Textiles: The "Functional Wellness" suite

The home textile sector has transitioned from a decorative category into a health-focused "Functional Wellness" suite. Currently valued at $158.16 billion, the market is being driven by the "Bedroom Linen" sub-segment, which holds a commanding 45% share of the total home textile category.

Commercial interest has moved beyond thread counts to "Smart Bedding", fabrics treated with phase-change materials for temperature regulation and silver-ion coatings for antimicrobial protection.

These functional finishes are the primary engine behind the 6.08% CAGR, as consumers increasingly view their bedding as a tool for sleep hygiene. From a trade perspective, India has solidified its position as a global leader in this space by combining its massive organic cotton reserves with proprietary technical finishes to satisfy high-end retail demand in the US and EU.

Denim: From advocacy to "Invisible Circularity"

Denim has moved past the era of sustainability "pledges" into an era of rigorous engineering known as "Invisible Circularity." The segment is projected to reach $84.11 billion this year, with a 6.61% CAGR. The commercial goal for 2026 is the production of jeans that maintain a premium, heritage look but are designed for 100% recyclability. Nearly 40% of global manufacturers have now integrated waterless dyeing and laser-finishing technologies to remain compliant with tightening environmental standards in major import markets. The rise of mono-material denim, where even the stitching and hardware are made from shreddable, recyclable polymers;is the current benchmark for market entry. Turkey and India remain the dominant exporters in this high-tech denim race, while Mexico is securing a larger share of the US market through near-shore logistical advantages.

Knits & Sportswear: The "Bio-Performance" frontier

Knits and sportswear represent one of the fastest-growing categories, with a projected size of $348.18 billion and a 7.0% CAGR. The story here is the replacement of petroleum-based polyesters with bio-based synthetics derived from algae and corn. This shift is not just environmental but functional, as these new fibers offer superior moisture-wicking and cooling properties. The adoption of 3D Seamless Knitting has become the industry standard for high-performance brands, as it reduces fabric waste by roughly 30% and significantly lowers labor costs. Vietnam and Bangladesh are the primary winners in this segment, having aggressively upgraded their factory floors with automated knitting systems to capture volume from global athletic giants.

Technical Textiles: The "Industrial Backbone"

Technical textiles are the most resilient pillar of the industry, projected to reach $271.83 billion in 2026. This segment is no longer a niche but an essential industrial component. Growth is heavily concentrated in Med-Tech (implantable textiles and surgical non-wovens) and Mobil-Tech (lightweight, reinforced fabrics for electric vehicle interiors). This is a high-margin sector where intellectual property and patents dictate market power. Consequently, the USA, Japan, and Germany remain the dominant exporters of specialized technical fibers, while China focuses on the high-volume production of industrial filtration and protective gear.

Global Trade Matrix: Winners & Losers (2026 Forecast)

The global trade landscape is being reshaped by regional capabilities in technology and regulatory compliance. Countries that have invested in "green" infrastructure are seeing an influx of foreign direct investment, while those relying on low-cost, high-pollution models are seeing a contraction in orders.

Segment	**Regional Winners (Growth)**	**Regional Losers (Stagnation)**	**Primary Commercial Factor**
Performance Textiles	USA, Japan, South Korea	China (Standard Synth.)	Biometric Patent Control & Smart Tech
Home Textiles	India, Turkey	China (Volume), Pakistan	Wellness certifications & Traceability
Denim	Vietnam, Mexico, Turkey	USA (Manufacturing), Lesotho	Near-shore logistics & Waterless tech
Knits/ Sportswear	Bangladesh, Vietnam	Italy (Mid-tier), Cambodia	3D-Knitting & ESG Compliance
Technical Textiles	USA, Japan, Germany	Rest of Asia (Low-end)	IP Patents & MedTech Innovation

Major Exporters and Importers: Leading Dynamics

- India: A major winner in 2026 due to the Production Linked Incentive (PLI) scheme, which has moved the country's export profile from raw cotton to high-value technical textiles and functional home linens.

- China: While remaining the world's largest exporter by volume, China is losing market share in basic apparel as it moves its manufacturing base toward high-value synthetic fibers and AI-integrated textile machinery.

- Vietnam & Bangladesh: These nations have successfully transitioned from basic cut-and-sew operations to sophisticated, tech-enabled hubs for sportswear and high-end knits, benefiting from strategic free trade agreements.

● USA & EU: As the primary importers, these regions are the "gatekeepers" of the 2026 market. Their demand for supply chain transparency (via the Digital Product Passport) is forcing global exporters to adopt expensive but necessary traceability technologies.

Losers: Countries like Pakistan are facing commercial headwinds due to rising energy costs and a lack of investment in high-tech finishing, while Lesotho and Cambodia are seeing a decline in orders as brands prioritize "Green-ready" hubs that can guarantee lower carbon footprints.

Source: fashionatingworld.com– Jan 05, 2026

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Bangladesh Sees 14% Drop in December Apparel Exports

Bangladesh, down in fashion exports. Transactions to international destinations for readymade garments made in the country recorded a 2.63% decline during the first half of FY2025-2026, covering July to December, with a 14.23% plunge in December alone, reaching $3.23 billion compared to $3.77 billion recorded in December 2024.

According to the latest data released by the Export Promotion Bureau (Epb), the public agency in charge of export promotion, comparable to Spain's Icex, total apparel exports during the first six months of the 2025-2026 fiscal year stood at $19.360 million, a decrease of up to 2.36% compared to the $19.889 million reached in 2024.

December alone saw a significant drop in exports, which reached $3.23 billion, down 14.23% from December 2024, when they reached $3.77 billion.

Even so, Bangladesh has established itself as an international champion of fashion sourcing. This year, the country is facing a strategic and production model change based on two axes: greater unionization to respond to the latent social pressure in the country and a higher value-added product to cover all its enormous production capacity.

Bangladesh is the world's second largest exporter of garments, behind only China, a position it maintains thanks to its industrial capacity and its structural role in global fashion supply chains.

The garment industry accounts for around 81.5% of the country's export earnings, making it the main driver of growth, employment and foreign exchange inflows, according to official figures for fiscal year 2024-2025 provided by Epb.

Source: modaes.com– Jan 05, 2026

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NATIONAL NEWS

Trump's threat of higher tariffs on India may dampen trade talk prospects

US President Donald Trump has said that India is buying less oil from Russia because Prime Minister Narendra Modi is a "good guy" and wants to make him happy. But he warned that Washington can raise tariffs on India "very quickly" if all purchases are not stopped.

The threat of higher tariffs could make the proposed India-US bilateral trade agreement (BTA) harder to reach, officials said. At the same time, exporters fear that tariffs on top of the existing 50 per cent duties could entirely "eliminate" trade.

Backing US Senator Lindsey Graham's claim that tariffs imposed on India are the "chief reason" New Delhi is now buying substantially less Russian oil, Trump said, "Modi is a good guy. He knows I was not happy. And he wanted to make me happy. We do trade. And we could raise tariffs on them very quickly…". Trump made these remarks on Sunday aboard Air Force One.

500% tariff

Graham is pushing for tariffs of up to 500 per cent against countries like India that refuse to halt their purchases of Russian oil.

The threat of higher tariffs would make the proposed India-US BTA — which has already missed its `Fall' deadline — more difficult to be clinched, said officials tracking the matter. "The India-US deal can be signed only when the US removes Russian oil tariffs. If that continues or is raised and we sign the deal, then we won't have any bargaining power," the source said.

The US imposed 50 per cent tariffs, including 25 per cent penalty for Russian oil purchase, on most Indian goods end-August 2025, which hit a large number of labour intensive sectors including leather, textiles and gems & jewellery. US duties on India's competing countries such as Vietnam, Indonesia and Bangladesh are much lower at 19-20 per cent.

“Additional tariffs by US on Indian goods would be a disaster and would also crush hopes of the anticipated trade agreement,” said Sanjay Jain, MD, TT Ltd, a textile manufacturer.

Trade impact

At tariffs of around 50 per cent, many price-sensitive exports are already unviable, but some trade continues due to specialised products, partial cost absorption by buyers or supply chains that cannot shift quickly, pointed out Ajay Sahai, DG, FIEO. “Higher tariffs would eliminate this residual trade and lead to permanent loss of buyers and market presence,” he said.

Firms that maintain a minimal US footprint despite high tariffs — by retaining certifications, distributors, and compliance systems —are likely to exit fully if tariffs rise further, making re-entry difficult even if policies later change, he said.

In FY25, US was India’s top partner with bilateral trade valued at $ 131.84 billion, which included $ 86.5 billion in exports.

Source: thehindubusinessline.com– Jan 05, 2026

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Why India-US bilateral trade arrangement is taking so long to conclude

Why has India not yet concluded a bilateral trade deal with the United States (US), even as the two countries have quickly signed agreements with other partners?

In just the last four years, India has concluded eight trade agreements — with Mauritius, the United Arab Emirates, Australia, New Zealand, Oman, the European Free Trade Association bloc, the United Kingdom (UK), and members of the Indo-Pacific Economic Framework (IPEF), which also includes the US.

Washington has also signed quick trade deals with Japan, the European Union (EU), the UK, South Korea, Thailand, Vietnam and Malaysia in the past six months. So why is an India-US deal taking longer?

Two main reasons: One, most countries that have concluded rapid trade deals with the US depend heavily on Washington for their security. India does not. Two, the US-India trade talks go far beyond trade and extend into strategic and policy areas of interest to Washington.

These two factors make the negotiations complex and explain why a deal is taking longer than many expect.

The US as a security provider: Most countries that have quickly concluded trade deals with Washington share one key trait: They depend on the US for their security.

Japan and South Korea, for example, are formal US treaty allies hosting large numbers of American troops. Their trade ties with Washington are closely linked to security dependence, especially given threats from North Korea and China.

The same pattern exists in Europe. The UK remains one of America's closest strategic partners through the North Atlantic Treaty Organization. Much of the EU — particularly after Russia's invasion of Ukraine — relies heavily on US military power for deterrence. In such cases, trade negotiations are shaped by strategic alignment, and resistance to US demands tends to be limited.

A similar dynamic operates in Southeast Asia. The Philippines, bound by a Mutual Defence Treaty, has expanded US military access in recent years. Thailand, another treaty ally, also remains embedded in the US security framework. For these countries, trade deals are part of a broader geopolitical bargain rooted in security dependence.

India stands apart. It does not rely on the US for its security and cannot be pressured through military leverage. That strategic autonomy fundamentally changes the nature of trade negotiations.

China also does not depend on US security and holds strategic leverage, particularly in critical minerals such as rare earths, which are vital to US defence and high-technology industries. As a result, US-China trade deals, however tense, are never one-sided. Power balance forces negotiation, not compliance.

Indo-US trade talks: More than trade: Negotiations for a US-India trade deal began in February 2025, but they remain stuck because the talks go far beyond trade. Washington is pushing India to reshape key domestic policies to suit US interests — ranging from regulation and technology to energy and geopolitics.

The US wants India to buy more American oil and defence equipment, relax data and digital rules, and distance itself from Brics partners — especially Russia and China, which Washington sees as challenging the dominance of the US dollar.

The US is also pressing for unrestricted cross-border data flows, an end to taxes on digital services, and permission for American e-commerce firms to run inventory-based models instead of limited marketplaces.

The pressure has gone further. Washington has pushed for Starlink's entry into the Indian market to provide satellite-based internet services. The US has imposed an additional 25 per cent tariff on Indian exports in response to India's purchases of Russian oil. It has not imposed similar penalties on China — the largest buyer of Russian oil — or on the EU, which continues to import several Russian products. The US is using trade tools for political pressure.

The broader relationship has also come under strain. Senior US officials increasingly criticise India in public. H-1B visa fees have risen. Many Indian professionals now face sudden visa cancellations when they travel home, followed by long re-interview delays that leave their jobs and families in the US in limbo.

India, meanwhile, has already made significant concessions. Over the past year, its oil imports from the US have risen nearly 80 per cent. It has adjusted aspects of its nuclear liability framework and allowed Starlink to begin operations, despite concerns that unrestricted satellite access could weaken sovereign control in sensitive areas. India has also removed the digital transaction tax.

On trade access, India has shown flexibility. It is willing to eliminate tariffs on nearly 95 per cent of US industrial exports and lower duties on products such as almonds, apples and avocados. Yet Washington continues to push for unrestricted access for dairy and genetically-modified crops, including corn and soybeans — an issue deeply sensitive in India due to environmental, political and social concerns.

Next steps: Even though both sides remain silent, and no details are public, it appears that negotiators have reached the limits of compromise, and the deal now awaits President Trump's decision. The delay may be aimed at extracting further concessions from India.

India has already made many concessions. It should avoid offering more before an agreement is reached — otherwise, these will be absorbed and followed by new demands.

However, India needs to make a clear choice on Russian crude. On January 4, President Trump warned that US tariffs on Indian exports could rise unless New Delhi halts purchases of Russian oil. While Indian refiners have signalled an intent to curb buying, Russian oil continues to flow, accounting for 7.7 million tonnes — or about 35 per cent of India's crude imports —in November.

With exports to the US down 20.7 per cent over the past six months, this strategic ambiguity is no longer cost-free. If India intends to exit Russian oil, it must do so decisively; if it plans to continue buying from non-sanctioned suppliers, it should state that openly and support the case with data; and if it chooses to buy even from sanctioned entities, that position too must be articulated clearly. As the tariff threat hardens, India must take a clean call on Russian oil — own that decision, and communicate it unambiguously to Washington.

Complicating India's calculus is the absence of any guarantee that cutting Russian oil will end US pressure. Even a complete halt to Russian oil could only shift the US demands to agriculture, dairy, digital trade, and data governance.

A trade deal makes sense only if it is fair and reciprocal. If the cost is strategic dependence or loss of policy space, waiting is the wiser option.

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

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India must end Russian oil ambiguity as tariffs loom: GTRI

India is being pushed towards a clear-cut decision on its Russian oil imports as the threat of higher U.S. tariffs sharpens, according to the Global Trade Research Initiative (GTRI).

U.S. president Donald Trump warned on January 4 that Washington could raise tariffs on Indian goods if New Delhi does not stop buying Russian oil. The warning comes at a time when Indian exports to the U.S. are already under strain. At present, Indian shipments face a cumulative 50% import tariff, with half of that directly linked to India's continued purchases of Russian crude.

Pressure is also building on Capitol Hill.

U.S. senator Lindsey Graham is pushing legislation that would impose sweeping secondary tariffs on countries buying Russian oil and gas if Moscow refuses to agree to a ceasefire in Ukraine within 50 days. If passed, the move would significantly raise the cost of doing business with the U.S. for countries seen as financing Russia's war effort.

India has taken some steps to reduce its exposure.

Following U.S. sanctions imposed in October on Russian oil majors Rosneft and Lukoil, large refiners such as Reliance Industries and several state-owned firms indicated they would halt purchases to avoid secondary sanctions.

However, Russian oil imports have not stopped altogether. Volumes have declined, but flows continue, placing India in what GTRI describes as a strategic grey zone.

That ambiguity, the think tank argues, is increasingly untenable.

If India intends to stop buying Russian oil, it must do so decisively. If it plans to continue sourcing crude from non-sanctioned Russian suppliers, it should state that position openly and back it with data. And if New Delhi is prepared to buy even from sanctioned entities, that stance too must be articulated clearly.

What no longer works, GTRI says, is hedging.

The decision is further complicated by the uncertainty of U.S. demands.

Even a complete halt to Russian oil imports may not ease pressure from Washington, which could pivot to other areas such as agriculture, dairy market access, digital trade, or data governance.

GTRI also notes that the current phase of tariff coercion is tied to a specific political moment in the U.S. and may not last indefinitely. Countries such as the European Union, Japan and South Korea chose to ease tensions by sharply reducing Russian oil purchases.

India's position, however, differs from that of China, the world's largest buyer of Russian crude, which Washington has largely avoided confronting due to the broader strategic and economic consequences.

Despite India doubling its imports of petroleum crude and products from the U.S., this has not softened Washington's stance. The impact is already visible in trade data. Indian exports to the U.S. fell 20.7% between May and November 2025, and a further escalation in tariffs could deepen the decline.

As tariff threats harden into policy, GTRI says India can no longer afford strategic ambiguity. New Delhi must take a clear call on Russian oil, stand by that decision, and communicate it unambiguously to Washington, said Ajay Srivastava.

Source: economictimes.com– Jan 05, 2026

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Reimport after 1 year: Need permission under notification 45/2017-Cus

We had exported our manufactured goods by availing duty drawback and Rodtep. The buyer had paid for the goods. Now, he wants to return the goods because he is unable to resell the goods. However, more than one year has passed since the date of exports. Can we re-import the goods by only surrendering the drawback and Rodtep benefits? If yes, please give the specific provisions.

Yes. You can re-import the goods under notification no.45/2017-Cus dated 30th June 2017. You must surrender the duty drawback and Rodtep as per S.No. 1(a) and 1(f) of the Table given in the notification.

The clause (c) at the first proviso prescribes the condition that in the case of goods exported under any scheme of Chapter 4 of the FTP, the re-import must take place within one year of exportation or such extended period not exceeding one more year as the Principal Commissioner of Customs or Commissioner of Customs, as the case may be, on sufficient cause being shown for the delay may be allowed. You may seek necessary permission as re-import is after one year of exports and claim the benefit of the said exemption no. 45/2017-Cus dated 30th June 2017.

We are importing a machine from a company in China but the supplier wants us to send the money to its parent company in Japan? Is it possible?

Yes. Para B.7 of the RBI Master Direction no. 17/2016-17 dated 1st January 2016 (as amended) deals with 'third party payments for import transactions'. Five conditions are prescribed for such payments to a third party.

First, irrevocable purchase order/tripartite agreement should be in place.

However this requirement may not be insisted upon in case where documentary evidence for circumstances leading to third party payments/name of the third party being mentioned in the irrevocable order/invoice has been produced.

Second, the AD bank should be satisfied with the bonafides of the transactions and should consider the Financial Action Task Force (FATF) Statement before handling the transactions.

Third, the Invoice should contain a narration that the related payment has to be made to the (named) third party.

Four, the bill of entry should mention the name of the shipper as also the narration that the related payment has to be made to the (named) third party.

Five, the importer should comply with the related extant instructions relating to imports including those on advance payment being made for import of goods.

We have obtained an EPCG authorisation. We want to purchase capital goods from indigenous sources in accordance with para 5.07 of the FTP. We want to know how the duty saved will be calculated, so that we will know the export obligation amount.

As per Para 5.21 (c) of the HBP, ‘In case of domestic sourcing of capital goods through invalidation letter/ARO, the duties, taxes and cess payable shall be with reference to the notional Customs duties/taxes/cess saved on the FOR value of capital goods (including spares, jigs, fixtures, dies and moulds).’

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

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SBI bets on rupee trade to deepen India–Israel economic ties

The State Bank of India (SBI), the only Indian bank with a presence in Israel, is preparing to facilitate trade settlement between the two countries in Indian rupees, a move aligned with New Delhi's broader push to internationalise the currency and reduce dependence on the dollar in cross-border trade.

As India and Israel push to elevate their strategic partnership—alongside renewed momentum on a long-pending free trade agreement—State Bank of India is positioning itself at the centre of the next phase of bilateral commerce.

"In view of India's significant trade flows from/to its partner countries and growing interest among the global trading community to trade in the Indian rupee, it has been envisaged by our banking regulators, i.e. Reserve Bank of India, to permit Indian banks to facilitate settlement of exports and imports of their respective corporate clientele in INR. Israel has been identified as one of the partner countries under this mechanism," CEO of SBI Israel, V Manivannan, told PTI.

"SBI Tel Aviv has all the requisite approvals in place to facilitate these transactions," Manivannan told PTI, adding that Israeli exporters and importers using the system will be able to make and receive payments directly in rupees against goods and services traded with Indian counterparties.

The Tel Aviv branch has stepped up outreach in recent months, holding meetings and webinars with the Israel–India Chamber of Commerce to familiarise companies with rupee-based trade settlement. Major Israeli defence firms, already key players in India's procurement ecosystem, have also been part of these discussions.

Beyond trade finance, SBI is also eyeing a growing remittance opportunity. With more than 40,000 Indian workers recently joining Israel's labour force, particularly in construction and agriculture, the bank is working to streamline rupee remittances to India. The Tel Aviv branch is facilitating the opening of NRI accounts and exploring tie-ups with fintech firms and local banks to make transfers smoother and cheaper.

SBI opened its Israel branch in 2007 and has maintained full-scale operations despite the pandemic and prolonged regional conflict. Located in the Diamond Exchange in Ramat Gan, next to Tel Aviv, the branch caters to local corporates with trade finance, bank guarantees for India-linked projects and business banking services. Globally, SBI operates in 29 countries with 241 overseas points of presence.

"As cooperation between India and Israel is on the rise, the branch is already acting as a bridge to facilitate activities. With SBI's vast global network (across all time zones and correspondent relationships across the globe), support from SBI Treasury and connect with India, presents a unique capability and outreach for local corporates dealing with India or any other part of the world," the SBI CEO noted.

The push for rupee trade comes at a time when both countries are making efforts towards realising the full potential of economic collaboration. External Affairs Minister S Jaishankar visited Israel in December following the visit of Minister of Commerce and Industry Piyush Goyal in November. Israeli Prime Minister Benjamin Netanyahu also spoke to his Indian counterpart Narendra Modi last month, and the two leaders "agreed to meet very soon".

Israeli Minister of Tourism Haim Katz, Minister of Economy and Industry Nir Barkat, Minister of Agriculture and Food Security Avi Dichter, and Finance Minister Bezalel Smotrich visited India during 2025 as the strategic partners build-up momentum to sign a Free Trade Agreement.

The two countries signed a Bilateral Investment Treaty (BIT) during Smotrich's visit to India, and a term of reference for an FTA was signed during Goyal's visit to Israel.

As talks on an FTA gather pace, SBI is betting that settling trade in rupees can become both a practical enabler and a symbol of the next stage in India–Israel economic ties.

Source: economictimes.com– Jan 05, 2026

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Acreage compression to cap India's cotton output in CYi 2026: ICRA

Despite leading the world in acreage, the cotton sown area in India has been steadily declining, with current levels being 20 per cent lower than the peak acreage levels of 2021, according to ICRA.

However, despite a reduction in acreage, cotton yield continues to rise, improving by 1.8 per cent year on year (YoY) in Indian cotton year (CYi) 2026.

The Indian CY runs from October to September, distinct from the global CY, whose duration is from August to July.

Following a 9-per cent YoY contraction in CYi2025, the acreage is seen reducing by around 3 per cent YoY in CYi 2026 due to several factors like water shortage issues in the northern region, uneven monsoons and a shift towards more profitable alternative crops in many regions.

However, cotton output is likely to dip by 1.7 per cent YoY to 29.2 million bales in CYi 2026, according to the first advance estimates released by the department of agriculture and farmers welfare, taking the output to its lowest levels in the last ten years, ICRA said in a note.

Domestic consumption, on the other hand, is expected to remain flat. While domestic demand is stable, the effects of US tariffs on Indian apparel exports on the downstream sectors is likely to affect overall consumption.

Amidst lower cotton output, the dependence on cotton imports has been rising—up by 85 per cent on a YoY basis to 1.5 million bales of 170 kg in the first five months of fiscal 2025-26 (FY26). Imports now meet over 10 per cent of demand.

Owing to weak demand and import duty waiver, cotton prices have been trading marginally below the minimum support price (MSP) since November 2024. MSP on cotton increased by 8 per cent for CYi 2026. Accordingly, the gap has widened further in recent months.

Despite the lower output, the subdued cotton yarn demand (domestic plus exports) is likely to keep the cotton price low in the next few months in India, ICRA noted.

Following a flat trend in the first half (H1) of FY26, domestic cotton fibre prices fell by 3 per cent month on month (MoM) in November 2025. Against this, average cotton yarn prices fell by 4 per cent.

ICRA anticipates a stabilisation of contribution levels at ₹98-100 per kg for FY26 due to moderation in realisation expected in H2 FY26.

ICRA's sample set of 13 companies, which accounts for 25-30 per cent of the Indian industry's revenue, is expected to report a 4-6 per cent decline in revenues on a YoY basis in FY26.

Additionally, margins of spinners are expected to contract by 50-100 basis points in FY26, primarily due to weaker performance expected in the second half.

Source: fibre2fashion.com– Jan 05, 2026

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India-US trade deal: Exporters nervous as new season looms

NEW DELHI: With spring-summer dispatches to the US lined up in the next few weeks, a leading leather goods exporter has planned visits to Europe and America to book orders for the next season.

The exporter has significant dependence on the American market and has been offering around 20% discount while the buyer has reduced its margin by 7-8% to ensure that made-in-India goods are not disadvantaged compared to rival sources, where tariffs are in the range of 15-20% compared to 50% on Indian products entering the US.

"The buyers know that we cannot sustain this as this is more than the profit that we make. These are tough times to keep the order book up," said the exporter. He is not alone. Several Indian garment and footwear companies decided to bear a part of the additional burden and also managed to convince the American buyer to reduce the margin, in the hope that they would be able to sustain for a few months before the trade deal, which has been in the pipeline, is finalised.

HOW INDIA'S TOP EXPORTS FARED

Apr-Oct *(Data in $ bn)*	2024	2025	% change
Electronics & telecom	6.6	14.6	121.2
Pharma	5.3	5.2	-1.9
Machinery & computers	3.9	4.2	7.7
Gems & jewellery	5.8	3.1	-46.6
Oil products	3	2.5	-16.7
Iron & steel products	1.7	1.8	5.9
Apparel & clothing*	3	2.9	-3.3
Carpets	0.7	0.6	-14.3
Leather goods	0.5	0.5	0.0
Fisheries	1.2	1.1	-8.3
All exports to US	47.3	52	9.9

**Includes garments under chapter 61 & 62; Source: Commerce dept*

American Buyers Evaluating Other Mkts Too: Industry Execs

With no clarity on the deal, and US President Donald Trump only ratcheting up the noise on tariffs, exporters are worried about the next season's orders. An industry executive said that some of the American buyers are looking to evaluate India and other comparable markets. "If the deal is done then they will stick with the Indian seller, otherwise some of them may shift," said the executive.

An industry veteran said that leather and textiles, both employment-intensive sectors, will be the worst hit if orders move. With a free trade agreement with the European Union in sight, Indian exporters are eyeing opportunities, although it may take several months for the treaty to be ratified after it is finalised by both sides. For exporters, the US remains the focus market. "You can expect to get an order for 500 pieces with 20 designs from one American buyer.

In Europe, you will need 10 buyers and many more designs to reach that number," said an exporter. Govt officials indicated that Trump administration officials have gone through what they described as a "good offer" but there is no further word on it, leaving exporters to deal with a fresh round of uncertainty just as they prepare for the next season.

Source: timesofindia.com– Jan 06, 2026

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Apparel brands advanced year-end festival sales to clear winter stocks

Apparel brands have launched their year-end sales earlier to resolve piled-up inventory, and offset the sluggish up-take of winter wear garments.

Fashion brands like H&M, Uniqlo, Levi's, and Marks & Spencer, along with multi-brand retailers like Lifestyle and e-commerce websites, launched their year-end sales as early as mid-December.

"This was a two-pronged departure from usual practice. Usually, festival sales start closer to Christmas or New Year, but this year they started almost two weeks before that. This also meant that there was not much gap between the year-end festival sale and the Black Friday, which was held on November 28," a merchandise executive at a global apparel brand who did not wish to be named, told Business Standard.

Industry sources said that while some brands launched a year-end sale for the first time this year, others were putting a higher volume of merchandise on up to 50 per cent off.

"The market is slow this year, which is also evident in the sluggish demand for winter wear in the northern regions. Retailers expected winter wear to sell well, because of the weather predictions, but that didn't happen," said another executive at a global fashion brand. The rate cuts in Goods and Services Tax (GST), announced in September last year, have also failed to spur consumption as expected, he added.

In September the government revised the GST rates on apparel and prices of items up to ₹2,500 came down by over 6 per cent, while garments priced above that turned costlier as the GST rate rose to 18 per cent from 12 per cent.

"We expected sales to go up significantly after the GST cuts were announced, but that didn't really happen. Despite a longer Black Friday sales window, demand did not intensify. This prompted us to launch our year-end festival sales earlier," the executive added.

While temperatures are expected to go up in January, it is also the month of Republic Day sales – a major sales occasion in the country.

“Only January presents a very small window to brands and retailers to sufficiently liquidate their inventory. They have to ensure that they manage to sell at least 50 per cent of their winter stock in December for the supply chain to move in an optimal manner,” the executive further said.

Brands also start to launch their spring-summer collection in stores around Republic Day.

"Sales were also pushed to ensure that inventory does not pile up later in the year and new season launches see a good momentum," the merchandising executive said.

New brands that entered the Indian market this year are taking this in their stride. “We realise there is more demand for medium weight winter apparel instead of heavy jackets and trench coats. It is a lesson for the next winter season,” an industry executive said.

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

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Textile companies interested to take part in International Textiles Summit should apply by January 13

Textile companies interested to take part in International Textile Summit 360 to be held in Coimbatore on January 29 and 30 could apply online by January 13.

In a statement, Virudhunagar Collector N.O. Sukhaputra, said that the event would be organised by Department of Textiles, in association with Confederation of Indian Industry (CII) at the CODISSIA Trade Fair Complex in Coimbatore.

The summit is aimed at making textile industry growth playing a key role in achieving Chief Minister M.K. Stalin's vision of transforming Tamil Nadu into a USD 1 Trillion economy by 2030.

The summit would have around 100 stalls. Besides, conferences, exhibitions, buyer-seller meets and fashion shows would be conducted during the two-day event, the statement said.

Textile companies that want to set up stalls in the exhibition should apply to the Regional Deputy Director's Office in Madurai through ddtextilesmdu@gmail.com by January 13.

The companies could attract foreign investment and exports through their participation and help industrial growth in the State.

Further details could be obtained from Regional Deputy Director of Textiles Office, No. 34, Viswanathapuram Main Road, Viswanathapuram, Madurai-14, or over 82200-17071/ 82206-56182.

The exhibition will have stalls on spinning, fabric, garments, home textiles, integrated manufacturers, Brands from Tamil Nadu, technical textiles, sustainability and recycling, raw materials, recycled textiles and man-made fibre, the statement said.

Source: thehindu.com – Jan 05, 2026

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