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Currency Watch			
USD	EUR	GBP	JPY
90.15	105.48	121.84	0.58

INTERNATIONAL NEWS

INTERNATIONAL NEWS

Geopolitics Set to Shake Up Sourcing—Again—in 2026

From the ongoing war in Ukraine to the developing conflict between the United States and Venezuela, global political strife stands to redefine sourcing relationships in 2026, rivaling even U.S. tariffs as the most prominent factor impacting sourcing decisions for companies across the globe.

According to Dr. Sheng Lu, professor of fashion and apparel studies at the University of Delaware, geopolitics have the potential to further inhibit the development and expansion of international sourcing locales, creating fewer options for both American brands and foreign firms.

Speaking about the weekend capture of Venezuelan President Nicolás Maduro by U.S. military operatives, Lu said the upheaval and uncertainty spurred by the move could spook companies sourcing not just within the country, but within the hemisphere.

“The action will create worries about the stability of the region, so I don’t think fashion companies will be encouraged to make additional investments,” he said, noting that the “ripple effects” of the military intervention could spill over into countries engaged in free trade agreements with the U.S.

Trump continues to threaten further action against regimes and governments he disagrees with. On Sunday, for example, the president suggested that Washington may have to step in militarily “do something” about Mexico’s cartel problem.

At the same time, a review of the U.S.-Mexico-Canada Agreement (USMCA) is slated for July, and Trump has repeatedly threatened to pull out of the trilateral free trade accord as a means of addressing national security issues like drug smuggling and cartel activity—much the same factors cited by the president as justification for Maduro’s removal in Venezuela.

Meanwhile, Lu said European commerce and supply chains will likely continue to see the impacts of the Russia-Ukraine conflict. "It's not just an issue between the two countries; people worry what is happening within the entire region and whether it will disrupt their supply chains," he said.

While Europe is a major producer of fashion products—and it consumes much of that output (about half of the apparel produced, Lu said)—the impacts of the war and the instability it has caused inhibit the movement of goods within the region. Add on top of that the effects of hefty U.S. tariffs on goods made in China and across Asia, and the European supply chain faces an influx of inexpensive wares once destined for U.S. shores.

It's already happening, much to the chagrin of leaders like French President Emmanuel Macron, who suggested last month that the European Union levy new duties on Chinese exports over growing trade imbalances he described as "unbearable" for European producers. Lu's research showed that Chinese apparel exports to the EU grew 15 percent year over year in 2025 (while shipments of clothing from China to the U.S. declined by nearly 30 percent). Other Asian sourcing locales like Vietnam (17.6 percent) and Cambodia (26.1 percent) also saw considerable export growth to the European market.

Europe's economic growth isn't keeping pace with the deluge of foreign fashion, Lu added. The region's GDP grew by 1.4 percent last year, while its apparel imports from across the globe increased by over 10 percent. By contrast, U.S. GDP rose 2 percent in 2025, and apparel imports only increased by 1.7 percent.

"The only reason I see Europe now seeing such a substantial increase of apparel imports is because a lot of Asian suppliers diverted their exports from the U.S. to Europe," Lu said. As a result, "I think the risk of additional trade barriers imposed by EU against cheap products from Asia actually is building up," he added, and that could lead to deepened tensions.

Despite that possibility—and the existing tariffs on Asian goods already in place in the U.S.—Lu still envisions Asia as the ultimate victor in this year's sourcing shakeup. "I still think Asia benefits most" from current geopolitical tensions impacting the rest of the globe, he said—including second-tier emerging suppliers.

A number of countries increased their apparel exports to the U.S. market by double digits last year, including Bangladesh (18.6 percent), Vietnam (13.7 percent), Cambodia (28.5 percent), Indonesia (13.5 percent) and India (12.8 percent). Data released this week showed that Vietnam's economy grew by 8 percent in 2025 on the back of U.S. exports, creating a record high trade surplus even though it faces 20 percent tariffs from Washington.

While the expansion of Asian supply chains was "not the intended consequence" of Trump's tariff scheme, Lu said there are easy explanations for the region's continued success as a sourcing hub. These supply chains are able to offer a wide breadth of products readily and scale production quickly. "They also have a more integrated regional supply chain," he added, and essential economic investment from China.

For its part, China remains on "relatively stable" footing in apparel import markets outside the U.S. While American firms reduced exposure to China significantly in light of the 47 percent duties levied last year, in Canada and Japan, China still made up more than 30 percent of total apparel imports throughout the first 10 months of 2025. Within Europe and the United Kingdom, China's market share grew about a percentage point year over year, hitting 28.1 percent in the EU and 24.8 percent in the U.K.

Looking to the future, Lu predicts that China's influence will grow even more in 2026—and not just within the world's biggest economies.

According to the World Trade Organization, China is swiftly diversifying its export base to emerging markets in Asia, South America and Africa, and it's especially focused on members of its global infrastructure and economic development strategy, the Belt and Road Initiative.

Lu's research showed that during the first 10 months of 2025, Chinese exports to Cambodia grew at an unorthodox pace of 4.4 percent from the year prior. The academic said the same through line persisted across a number of small export economies, including Indonesia (up 15.4 percent), Kenya (up 31.5 percent), Tanzania (up 52.8 percent), Chile (up 18.8 percent), and Mauritius (up 27.5 percent).

While these small markets each accounted for less than 10 percent of China's total apparel export volume, the impacts on their local apparel industries could prove staggering if the trend continues. The symbiotic relationship with China—which supplies plenty of textile raw materials and inputs to these nations—could become more complicated, as an influx of China-made finished goods could suppress local producers.

"On the one hand, these countries try to have a good relationship with China, because China is a major source of investment. But at the same time, when cheap Chinese products enter these markets, it creates competition and pressure for the local apparel industry, and hurts the business of these apparel exporting countries," Lu said.
And unlike markets like the EU, the U.K. or the U.S., "They don't have leverage with China; they can't set high trade barriers on Chinese products," he added.

While China appears to be in pole position within the apparel industry—a distinction it's enjoyed for years—Lu said the continuation or escalation of U.S. tariffs could force the country to further diversify its exports and seek out an array of new, smaller markets to make up for the drawdown in American business.

When it comes to sourcing in 2026, "There's really no safe harbor out there in the world," he surmised. Each region represents a gamble for companies, from "geopolitics or additional tariffs, to some unexpected factor not based on current situations or sourcing risks," he said.

Source: sourcingjournal.com– Jan 06, 2026

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Why US tariffs failed to dent global trade

Last year was supposed to mark the moment international trade was dismantled. President Donald Trump's tariffs, we were told, were so unprecedented in scale and ambition that they might stop globalization in its tracks.

Yet here we are in 2026, and the spreadsheets stubbornly refuse to tell the same story. According to the latest data from the UN's trade and development body, UNCTAD, in 2025 the value of global trade likely crossed $35 trillion for the first time in history. That's 7% more than the previous year.

The White House can tax trade, but it can't shut it down. Technology, markets, and human ingenuity will stop that from happening.

Tariffs did have an impact, of course. The first half of 2025 saw panic-buying of various kinds, as importers front-loaded orders to get ahead of any tax shocks. It looked like companies were desperately trying to get their products across borders before politicians slammed the gates shut.

But that's not all that's going on. This isn't the 1930s, and goods aren't the only way that value crosses borders. Trade in services grew at 9%. The global economy is dematerializing much faster than economic nationalists can legislate. You can stop washing machines or steel ingots at your ports, but it's much harder to stop your companies from buying cloud computing contracts or chip designs from abroad.

Even trade in goods can behave intuitive ways when tariffs increase. When you make it harder to buy and sell something, you can also increase how much that commodity costs. In the first six months last year, as an example, prices of tradeable goods increased sharply; this was probably a response to Trump-driven uncertainty.

In general, even if the actual physical volume of merchandise crossing borders goes down, the total value embedded in that exchange might increase. And that is what will happen if Trump succeeds in turning the clock back, and the US starts making T-shirts at home but continues to import ever more expensive intermediate goods and machinery.

Trade policy can be reversed, but technology only advances. Faced with the enormous leap in potential and capability that AI (perhaps) represents, no country can wall itself off completely. The global demand for metals from Africa, semiconductors from Taiwan, and data-center gas turbines from Japan will continue to increase.

When production is so dispersed and demand is this determined, governments can't shut down imports. They can at best shift bottlenecks and high prices from one section of the supply chain to another. Most often, they will raise costs at home while some trusted partners continue to profit.

That's why, even though South Korea struggled to deal with Trump's tariff and investment demands, its exports may have simultaneously crossed $700 billion for the first time. Taiwan estimates its trade grew at 7.37% in 2025, faster than for 15 years.

Those predicting the imminent death of trade clearly forgot about services, technology, and the strange, chaotic mathematics of value addition. But the biggest thing they failed to account for is people.

Entrepreneurs find a way to make money, and producers find a way to sell their goods. Much of the energy that, for the past few years, had been spent on trying to shift away from Chinese suppliers has now been diverted to de-risking away from US buyers.

The search for resilient supply chains is giving way to the hunt for reliable markets. As UNCTAD pointed out, South-South trade grew quicker than the global average, while intra-regional trade in East Asia rose 10% on last year's figures.

The US is certainly a huge and irreplaceable consumer market. But the impact of its trade barriers will not be uniform across countries and sectors. For some, the loss of jobs and contracts will be devastating. But most will diversify, seeking other export destinations — or indirect routes into the US market.

UNCTAD thinks that the full impact of the grit in globalization's gears may only be felt this year, and warns that a slowdown is possible. There will be difficult moments in 2026, but the lessons of 2025 will be hard to forget.

The world economy is more resilient than we gave it credit for; the forces pushing our economies together are more powerful than any strongman.

New models of trade will inevitably emerge, built on regional integration, cross-border services and technological transformation. Even if America shuts its doors, the marketplace outside its walls will grow ever busier.

Source: economictimes.com– Jan 06, 2026

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Global manufacturing sector closes out 2025 on subdued footing: PMI

The J.P. Morgan global manufacturing purchasing managers' index (PMI) fell slightly to 50.4 in December, down from 50.5 in November but above the neutral mark of 50 for the fifth consecutive month.

The index is a composite one produced by J.P. Morgan and S&P Global Market Intelligence in association with the Institute of Supply Management and the International Federation of Purchasing and Supply Management.

Two of the PMI components—output and suppliers' delivery times—were at levels consistent with expansion, two others—new orders and employment—signalled no change and stocks of purchases declined.

National PMI readings signalled expansions in 18 out of the 29 nations for which December data were available.

India, Vietnam and Greece were the highest ranked countries. Growth was also signalled in the United States, China and the United Kingdom. Japan and Germany were among the larger industrial nations to register PMI readings consistent with decline, a release from S&P Global said.

Manufacturing output rose for the fifth successive month in December. Expansions were seen across the consumer, intermediate and investment goods sectors, the fourth time in the past five months that concurrent growth has been registered.

Rates of increase were broadly similar across all three industries, representing mild growth decelerations in the first two and a return to expansion at investment goods producers.

December saw no change in the level of new business placed with global manufacturers, halting a four-month sequence of mild expansion,

The latest decrease was centred on the intermediate goods industry as both the consumer and investment goods categories registered expansions. Among the larger industrial nations, China, India and the United Kingdom signalled increases, whereas the United States, Japan and the euro area saw new business decline.

Part of the latest decrease in total new work reflected the ongoing downturn in international trade volumes.

New export business decreased for the ninth month in a row and at a slightly quicker pace than in November. All three of the sub-sectors covered by the survey saw new export orders contract.

The outlook for the global manufacturing sector remained mildly positive in December. Business optimism held steady at November's five-month high despite remaining below the (rolling) survey average for the twenty-first successive month.

Staffing levels were unchanged in December, as jobs growth in nations such as the United States, Japan and India offset cuts in China, the euro area and the United Kingdom.

There were signs that current capacity was becoming more consistent with current requirements, as backlogs of work decreased only slightly and to the least marked extent during the current three-and-a-half-year sequence of decline.

Rates of inflation in input costs and output charges picked up in December.

Source: fibre2fashion.com– Jan 06, 2026

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US Upland cotton exports ease, shipments firm in week of Dec 25: USDA

US Upland cotton export sales softened in the week ended December 25, 2025, compared with both the previous week and the same week last year, while shipments remained firm, according to USDA weekly export sales data.

Net Upland sales for the current marketing year stood at 134,000 running bales (RB), easing week on week from 182,700 RB during the week of December 18 and slightly above the 128,900 RB booked in the corresponding week last year. Forward sales for the next marketing year were limited to 2,200 RB, lower than 5,300 RB a year earlier, underscoring continued caution among mills.

Outstanding Upland sales edged down to 3.667 million RB from 3.674 million RB the previous week and were sharply below 4.947 million RB a year ago, pointing to leaner forward coverage than last season.

Accumulated Upland exports rose to 2.832 million RB from 2.692 million RB a week earlier and were also higher than 2.668 million RB a year ago, indicating that shipments continue to outpace last year despite softer bookings.

Weekly Upland shipments totalled 140,700 RB, slightly below 146,900 RB in the prior week but higher than levels seen in the year-ago period.

Vietnam remained the largest destination, accounting for 56,100 RB of shipments, followed by Pakistan (11,500 RB), Bangladesh (4,800 RB), Indonesia (10,500 RB) and Malaysia (7,700 RB). Additional shipments were recorded to China, India, Turkiye and several Latin American markets.

On the sales side, Vietnam led net Upland purchases with 72,500 RB, down sharply week on week from the prior week's elevated levels. Turkiye and Pakistan followed with 14,700 RB each, while China booked 10,400 RB, Indonesia 9,500 RB and Costa Rica 9,800 RB. Smaller sales were reported to Bangladesh, Malaysia, Peru, Mexico, India and Japan.

Pima cotton activity remained subdued but stable. Net Pima sales for the current marketing year totalled 3,100 RB, lower than 9,100 RB a week earlier but above 1,700 RB in the year-ago period. Outstanding Pima sales declined to 58,000 RB from 65,800 RB the previous week and were well below 78,400 RB last year. Accumulated Pima exports reached 141,300 RB, up from the prior week but trailing 162,000 RB a year earlier.

Overall, the latest data indicate that while Upland sales cooled further after mid-December strength, shipment momentum remains resilient, keeping cumulative exports ahead of last year even as forward order books remain comparatively thin.

Source: fibre2fashion.com– Jan 06, 2026

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Sri Lanka Exports See Growth in 2025 Amid Tariffs

Sri Lanka's apparel exports grew in 2025 despite a year-over-year dip in November, according to the latest figures recently published by Global Data.

The country saw a 5.42 percent increase in cumulative apparel exports for the first 11 months of 2025 compared with the the same period in 2024. That's despite a 1.96 percent decrease in exports in November, down to $367.6 million from $374.94 million during the same month a year ago.

"The 5.42 percent growth in our cumulative exports for the first 11 months of 2025 reflects the resilience and adaptability of Sri Lanka's apparel sector in navigating a challenging global environment," said the Joint Apparel Association Forum Sri Lanka. "While we experienced a modest 1.96 percent decline in November, this should be viewed within the broader context of our strong year-to-date performance."

Though overall November numbers were down for apparel exports from Sri Lanka, shipments to the United States grew by 5.79 percent to $152.32 million that month. And exports to the European Union—excluding the United Kingdom—increased by 3.35 percent to 119.61 million during that same period. Exports to the U.K. dropped 13.83 percent to $43.63 million, and sales to other markets declined even further by 19.44 percent to $52.04 million.

But while shipments to the U.K. were down, the rest of the E.U. was strong for apparel exports from Sri Lanka. From January to November 2025, exports to the E.U., excluding the U.K., reached $1.44 billion, a 13.07 percent increase from 2024. Exports to the U.S. ticked up 1.73 percent during the same period, to $1.77 billion, and shipments to other markets increased 5.75 percent to $742.98 million. Exports to the U.K. during the first 11 months of 2025 slipped by just 0.22 percent to $624.54 million.

Sri Lanka saw disruption during April with the Trump Administration's "Liberation Day" tariffs, which slapped a 44 percent levy on exports to the U.S. from the country. The administration later walked that rate back to 20 percent in August. In October, the World Bank released a report warning that even a 20 percent tariff could shrink Sri Lanka's garment exports to the U.S. by up to 12 percent, harming the nation's most vulnerable apparel workers.

The U.S. is Sri Lanka's largest single-country export customer, producing garments for fashion brands such as Calvin Klein, H&M Group, Gap, Victoria's Secret and Nike.

The Joint Apparel Association Forum Sri Lanka said that the country's growth in exports to the E.U. have helped alleviate those pains somewhat, and they see the modest increase in the U.S. as a promising sign that tariffs won't eliminate demand from America.

"Particularly encouraging is our 13.07 percent growth in the E.U. market, which demonstrates the success of our strategic focus on strengthening relationships with E.U. buyers and meeting their increasingly stringent sustainability and compliance requirements," said the Joint Apparel Association Forum Sri Lanka. "Similarly, our continued growth in the U.S. market, despite tighter margins, shows that Sri Lankan manufacturers remain competitive on quality, delivery and ethical manufacturing standards."

Source: sourcingjournal.com– Jan 06, 2026

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German factories end 2025 weak as demand slump deepens

Germany's manufacturing sector has ended 2025 on a weaker note, with business conditions deteriorating further in December, according to the latest HCOB PMI survey. The headline Manufacturing PMI fell to 47 in December from 48.2 in November, marking a ten-month low.

Production declined for the first time in ten months. The setback was driven by a renewed and sharper fall in new orders, which recorded their steepest contraction since January 2025. Manufacturers cited difficulties in securing fresh business both domestically and overseas.

Export demand remained a major drag. Foreign orders fell for a fifth consecutive month, with the pace of decline accelerating to its fastest since December 2024, reflecting weak global demand and ongoing trade frictions, S&P Global said in a release.

In response, German goods producers intensified cost-cutting measures. Employment fell at the sharpest rate in six months, while purchasing activity contracted at the fastest pace in nearly a year. Stocks of inputs were run down aggressively, posting their steepest decline since early 2025, as firms adjusted output to softer order books.

Despite lower input demand, supply-side pressures increased. Supplier delivery times lengthened for a fourth straight month, marking the most pronounced deterioration since September 2022. Survey respondents pointed to reduced supplier capacity and trade-related disruptions.

Input costs rose for the first time in almost three years. However, intense competition prevented manufacturers from passing these costs on, leading to a further, albeit modest, reduction in factory gate prices.

"In December, industry was affected not only by weak demand and falling sales prices, but also by rising input prices, which came as a surprise. Over the past few months, these prices had shown signs of stabilising, but an increase is something that has not happened for almost three years. Inventories of purchased goods have fallen at an accelerated pace over the past three months," said Cyrus de la Rubia, chief economist at Hamburg Commercial Bank.

On a more positive note, business sentiment improved. Output expectations rose for a second consecutive month to their highest level since June, supported by hopes of demand from new product launches and increased defence and infrastructure spending.

"With the start of government-backed infrastructure projects and the booming demand for defence equipment, things could look different in 2026. In fact, more companies now expect higher production a year from now," Rubia added.

Source: fibre2fashion.com– Jan 06, 2026

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China-Vietnam rail freight volumes surge 86% to record high in 2025

China-Vietnam cross-border rail freight volumes reached a new milestone in 2025, as trains departing from the Guangxi Zhuang Autonomous Region to Vietnam transported around 37,000 twenty-foot equivalent units (TEUs), marking an 86 per cent year-on-year (YoY) increase, according to the Nanning Railway Logistics Centre. The route is particularly attractive for exporters handling less-than-container-load shipments, offering stable and credible logistics support.

This route has strengthened its position in China-Vietnam trade, accounting for around 73 per cent of total rail-exported cargo to Vietnam and 86 per cent of containerised shipments by this mode. Both shares rose compared with 2024, highlighting rail's expanding role in bilateral logistics, said Vietnamese media reports.

Rising demand has also diversified cargo flows. The centre noted that the number of commodity categories transported between the two countries increased sharply, from 262 to 455 over the year, signalling broader trade engagement.

To cope with higher volumes, China's railway sector upgraded operations on the Pingxiang-Dong Dang route. Train towing capacity was increased from 1,000 tonnes to 1,300 tonnes, lifting customs clearance capacity at the Pingxiang railway border gate by about 30 per cent. In parallel, weekly train services were expanded from three to fourteen, improving reliability and throughput, added the reports.

Looking ahead, the Nanning Railway Logistics Centre plans to reform the customs monitoring model at Nanning International Railway Port. The proposed measures aim to simplify clearance procedures, cut logistics costs and enhance efficiency, further improving the quality and competitiveness of cross-border rail services between China and Vietnam.

Source: fibre2fashion.com– Jan 06, 2026

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Indonesia imposes safeguard duties to protect textile industry

Indonesia will begin imposing safeguard duties on imported cotton woven fabrics from January 10 in a bid to shield its domestic textile industry from a surge in imports.

The safeguard duty, locally known as Bea Masuk Tindakan Pengamanan (BMTP), will be applied for three years under a declining tariff scheme. In the first year, duties will range from 3,000 to 3,300 IDR (0.18–0.20 USD) per metre, depending on tariff classification. The rate will fall to 2,800–3,100 IDR per metre in the second year and further to 2,600–2,900 IDR per metre in the third year.

The regulation states that safeguard measures may be applied when a spike in imports poses a serious threat of injury to domestic producers. An investigation by the Indonesian Trade Safeguard Committee (KPPI) found that rising imports of cotton woven fabrics had caused serious harm to the local textile industry.

The BMTP will be imposed in addition to existing import duties, including most-favoured-nation rates and preferential tariffs under international trade agreements.

As a member of the World Trade Organisation, Indonesia said the use of trade safeguard instruments is necessary to maintain fair competition, according to the regulation.

However, its government has granted exemptions for imports originating from 122 developing countries that are WTO members, including Malaysia, Thailand, the Philippines, as well as several countries in Africa and Latin America

Source: vietnamplus.vn– Jan 07, 2026

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Apparel Specialty Chains on a Roll, but Can the Momentum Be Sustained?

The stars are aligned for many apparel specialty retailers.

Last year became apparent that the sector is on a positive trajectory. An unusually large contingent of specialty chains turned in strong financial performances through the third quarter of 2025, raising expectations for a financial replay in the fourth quarter, and burying perceptions of an overcrowded sector perpetually in distress.

Indeed, holiday sales gains met or slightly exceeded plans, depending on the brand, though precise holiday results won't be known until fourth-quarter results are issued in February and March.

Abercrombie & Fitch, Aritzia, Old Navy, Bluemercury, Coach and Uggs have been on a roll, posting comparable sales gains on top of year-ago comparable gains. Comp sales are widely accepted as a key metric for gauging the health of a retailer. On top of that, Gap, Urban Outfitters, Anthropologie, American Eagle Outfitters, even Talbots, Loft and Ann Taylor, which are part of the Knitwell Group retail portfolio, have all perked up.

There are other bright spots, but there's still a handful of slumping brands. These include Lululemon, which this month saw the departure of its chief executive officer Calvin McDonald, and saw declines in America, though with sales gains internationally the brand posted a 7 percent increase in third-quarter net revenues.

Hoka, the running shoe brand, continued to show robust sales gains this year but not as strong as last year's, causing some concern among investors that the business is slowing. The Gap Inc.'s Athleta brand still needs to find its way, but Banana Republic is looking better, while J.Crew is still far from its peak years and Express has seen better days.

Express went bankrupt in 2024, closed many stores, and was taken over by brand management firm WHP Global and mall owners Simon Property Group and Brookfield Properties to get its footing back.

"Legacy brands, the ones that have been around for awhile, now seem to be appealing much more to Gen Z and even Gen Alpha," said John Neutzling, chief operating officer of Miller Capital Advisors, which has 17 retail real estate properties in its portfolio, including such high-profile shopping centers as Ala Moana in Honolulu, Scottsdale Fashion Square in Arizona, and the Galleria in Houston. "People are returning to the Gap and Banana Republic, but Gap in particular has found a really good business plan."

"The pendulum of spending has swung more to apparel and accessories," said Craig Johnson, president of Customer Growth Partners, the research and consulting firm. "People have jobs. People have money for discretionary spending," and they're using those dollars first for entertainment, services and travel, and then for apparel, he said. "People are not investing in their homes as much. There's a pause on home improvement," Johnson added, leaving more money for fashion. "They have all the TVs they need."

"Mall brands are back," said one former president of a specialty apparel chain. "It was a big deal in our sector to see positive comps last quarter at a host of brands. A lot of it has to do with the leadership." Fran Horowitz at Abercrombie & Fitch, and with Richard Dickson at Gap Inc., where three of the brands that had lost their way are making a comeback. The Urban Outfitters brand was really soft for a long time, but last quarter, net sales increased 12.3 percent to a record $1.53 billion. "People are winning by exhibiting a better sense of style, making it fun again to shop and connect emotionally. They've done research on what needs to be done," the former executive said.

Other market observers point to several factors for the sector's resurgence, including:

- New leadership with merchants at the helm rather than financial executives.
- Clearly articulated strategies for focus and differentiation.
- Digging deeper into the data to get a better handle on understanding the customer base.
- Making the brand "culturally relevant" and the shopping "experiential."
- Doubling down on iconic styles that worked in the past, while pursuing new opportunities.

"We all got the memo three years ago that people wanted to come back to our stores," said the former retailer. "Post-COVID everybody wanted to shop again and retailers starting experimenting with making more compelling retail environments. They all didn't evolve with their customers and fell behind competitively, but in lots of these cases leadership clearly assessed the market and determined what the customer wanted from the brand. There are a lot of really good leaders in place who are very good at building a strategy," the retailer said.

Some of the leadership is relatively new. Dickson, formerly with Mattel, joined Gap in August 2023; Trish Donnelly in September 2025 became division CEO for the Chico's, Soma and White House Black Market brands of the Knitwell Group after working at The Row, and Shea Jensen joined Urban Outfitters as president of North America in February 2024, after serving as president of Good American.

But the question looms—can the specialty chains sustain the momentum through 2026? They will be up against a host of challenges—rising raw material, freight and labor costs; tariffs, and consumers continuing to trade down to mass merchants, off-pricers and dollar stores, seeking greater values and getting increasingly selective. If interest rates come down more, that could perk up the housing market, sapping business away from fashion chains. They must continue to provide speedier deliveries to stay competitive with Amazon, and spend on technology to upgrade old systems and advance AI utilization. Furthermore, they must meet the growing demand for eco-friendly and recycled clothes.

Some retailers will also be challenged by the Vancouver, Canada-based Aritzia, which is poised to gain market share and is steadily opening stores. Said another specialty retail executive, "The quality and style [at Aritzia] is unparalleled. The appeal is multigenerational. They're adding products—workwear and sweaters—they made a huge play in cashmere, and they're hitting it on the head with what's happening in fashion." Aritzia's cashmere program featured former J.Crew creative director Jenna Lyons as the face of the campaign.

Zara is another big threat. The international retailer is successfully working to significantly elevate its products and its store environments to be tech-enabled, cleaner, more contemporary, and with a warmer ambience for easier shopping and heightened service.

For the vast majority of these retailers, it's still about selling denim jeans, chinos, striped sweaters, colorful knits but as of late, they're doing modernized versions of all that, and breaking them out with partnerships with celebrities, influencers and musicians.

Within the sector, there's been a wave of new formats and strategies introduced. For example, A&F introduced a collection of wedding guest dresses and jumpsuits to appeal to a more grown up customer. Loft, long known for casualwear, introduced a workwear line in spring 2025 called Versa. It's billed as versatile enough to wear to the office and dinner afterward. Meanwhile, the always career-oriented Ann Taylor introduced Ann Taylor Weekend in 2024, giving the brand a more casual component.

At KnitWell, Haven Well Within was launched online in 2020 but due to the pandemic shifted from its stand-alone positioning and was integrated into talbots.com. But last October, Haven Well Within opened its first permanent store at the Roosevelt Field Mall in Garden City, Long Island. Haven Well Within offers "easy-to-wear essentials" including loungewear, sleepwear, intimates, accessories, beauty and home products.

Anthropologie's private label, the preppie-ish line Mauve, opened its first store last year in Raleigh, N.C., with more expected to come. The parent company, Urban Outfitters, reported a strong third quarter, with revenues up 12 percent and net income up 13 percent.

Other specialty retailers also performed well. Gap Inc. reported third quarter comparable sales up 5 percent, while Abercrombie & Fitch reported third-quarter comparable sales increased 3 percent, marking three years of consecutive quarterly sales growth for the retailer. And look to Aritzia to advance its winning streak when it reports third-quarter results, scheduled for Thursday.

Source: sourcingjournal.com– Jan 06, 2026

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A Chinese New Year that Lifts Cotton Prices?

The New Year begins a bit brighter than Auld Lang Syne sent out the old one. The idea that China will reduce 2026 cotton plantings worked in favor of higher prices in the new crop December contract. The contract broke above 67 cents, reaching the mid-68s. Time will tell if this can hold and if the 70-72 cent level can be challenged.

The Chinese announcement also sent the old crop March contract up to the high 64s, but prices backed off, and at week's end, fell back even with 64 cents. The spot March contract will back and fill the rest of the winter months with high 64s presenting massive price resistance, and the 63-cent mark providing particularly decent price resistance. The 50-day moving average, near 65 cents, has to date provided impenetrable resistance. Too, a double bottom exists near 63 cents. Nevertheless, the pressure in the market for prices to break lower is greater than the pressure for prices to move higher. The market's day-to-day decision as to 2026 plantings in the U.S., India, and Brazil will be the key.

Major news about Washington's so-named Bridge Payments, essentially disaster payments to agricultural producers resulting from the economic conditions that moved across all of agriculture in 2025, was welcomed by all. The payment schedule is based on 2025 USDA cost of production estimates and actual planted acreage recorded with local FSA offices. The payments will be made in February to ensure growers can secure 2026 production loans. The impact on growers and the market will be significant. Without the payments, widespread bankruptcy was facing agriculture, and 2026 crop plantings were scheduled to be significantly reduced.

Essentially, the schedule of payments is sufficient to allow most farmers to break even for 2025. Equally so, the payments will allow most to keep 2026 plantings at levels similar to 2025 plantings. Thus, 2026 cotton plantings, previously estimated to be as low as 8.0 million acres, will likely climb back to 9 million plus.

The Bridge payments for major row crops are as follows: Cotton, $117.35 per acre; Soybeans, $30.88 per acre; Corn $44.36 per acre; Wheat $39.35 per acre; Sorghum, $48.11 per acre; Rice, $132.89 per acre; and Peanuts, $55.65 per acre.

USDA will catch up with its export reports next week, but the reports are not expected to have any added information. Export commitments to date are about 6.56 million bales, or 1.2 million bales, behind the prior year level. Shipments to date, at 2.7 million bales, are about 100,000 bales lower than the year-ago level.

Thus, the benefits of the program were designed primarily to keep farmers in business, with the added benefit of keeping rural America whole and ensuring that suppliers from lending organizations to seed businesses continue their valuable support to agriculture.

On Call sales continue to be offset by a significantly larger level of On Call purchases. This will continue to weigh on any price advance. With the LWP and POP payment back in play, growers are beginning to POP cotton. Growers will likely fare better by entering cotton in the CCC loan and using the LWP instead of the POP option.

On the demand side, my family performed as requested, as my Christmas gifts were cotton with such names as Red Land Cotton, Polo, tasc, and David Donahue. The goods came from Vietnam, Cambodia, Alabama, New Orleans, and Bangladesh.

Source: cottongrower.com– Jan 05, 2026

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ICE cotton gains post-holidays as short covering lifts prices

ICE cotton futures closed higher yesterday after the New Year holidays, driven mainly by short covering. Although fundamentals remained bearish, rising crude oil prices lent support to US cotton by increasing the cost of polyester fibre, a man-made alternative to cotton.

The most active March 2026 cotton futures contract settled at 64.65 cents per pound, up 0.64 cent. The contract paused its downward trend after four consecutive declining sessions late last year. In the previous session, the March 2026 contract had touched its lowest level since December 23.

Higher international crude oil prices provided indirect support to cotton by making polyester fibre more expensive, improving cotton's relative attractiveness.

Market strength was largely technical rather than fundamental, driven by traders covering short positions. Market analysts said the move was based on technical factors and short covering, with expectations of a short-term bounce.

However, the rebound is unlikely to be sustained due to weak underlying fundamentals. Key bearish factors include soft demand, global oversupply, and tariff impacts on US cotton.

The United States Department of Agriculture (USDA) reported net US cotton export sales of 134,000 bales for the week ending December 25. This was 27 per cent lower week on week and 31 per cent below the four-week average.

Chicago Board of Trade grain and soybean futures also closed higher, supported by weather assessments and post-holiday fund adjustments.

ICE-reported deliverable No. 2 cotton stocks stood at 11,510 bales as of January 2, unchanged from December 31.

Commodity Futures Trading Commission data showed speculators reduced net short positions by 786 contracts, bringing total net shorts down to 51,552 contracts for the week ending December 30.

This morning (Indian Standard Time), ICE cotton for March 2026 was trading at 64.89 cents per pound (up 0.24 cent), cash cotton at 62.40 cents (down 0.64 cent), the May 2026 contract at 66.24 cents (up 0.25 cent), the July 2026 contract at 67.49 cents (up 0.18 cent), the October 2026 contract at 67.94 cents (up 0.52 cent), and the December 2026 contract at 68.75 cents (up 0.15 cent). A few contracts remained at their previous closing levels, with no trading recorded so far today.

Source: fibre2fashion.com– Jan 06, 2026

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UK firms grow cautious as turnover expectations fall to 46%: Survey

Less than half of UK businesses, 46 per cent, expect turnover to increase over the next 12 months, down from 48 per cent in the previous quarter, highlighting a further weakening in business confidence at the end of 2025, according to the British Chambers of Commerce (BCC) Quarterly Economic Survey. Nearly a quarter, 24 per cent, anticipate a decline, while 30 per cent foresee no change. Investment sentiment also remains subdued, with only 19 per cent reporting increased investment and 27 per cent scaling back their plans.

Business confidence across the UK weakened further in the final quarter of 2025, with taxation remaining the dominant concern and a growing number of firms expecting to raise prices in early 2026, BCC said in a media release.

Fieldwork took place before and after the Autumn Budget, allowing limited pre-and post-budget comparisons, particularly around tax concerns. The full impact of fiscal measures is expected to become clearer in the first quarter of 2026.

Expectations for turnover growth have fallen to their lowest level in three years. Retail remains the most pressured sectors, with 36 per cent of retailers expecting increased turnover, while around a third in both sectors anticipate a decline. Manufacturing firms are comparatively more optimistic, with 42 per cent expecting growth.

Sales indicators also deteriorated. Only 29 per cent of firms reported increased domestic sales, down from 32 per cent in the previous quarter, while 28 per cent experienced a fall. Manufacturing recorded the weakest sales performance. Cashflow pressures intensified, with 32 per cent of firms reporting a decline, up from 29 per cent in the prior quarter.

Taxation remains the top concern for businesses, cited by 63 per cent of respondents, compared with 59 per cent previously. Concerns peaked ahead of the budget, with 68 per cent identifying tax as a major issue, before easing to 61 per cent afterwards. Inflation remains a significant worry for 56 per cent of firms.

Investment in plant, machinery and equipment stayed in negative territory for a 5th consecutive quarter. More than a quarter of firms reduced investment plans, with the sharpest pullbacks reported in retail and manufacturing.

More than half of businesses, 52 per cent, now expect to raise prices in the next three months, up sharply from 44 per cent in the previous quarter. Labour costs continue to be the most significant pressure, cited by 72 per cent of firms, particularly manufacturing.

Commenting on the findings, David Bharier, head of research at the BCC, said business sentiment remains fragile heading into 2026. "Our data shows more clouds have gathered over business confidence, and the outlook for SMEs in 2026 is unsettled. Firms tell us they are worried about tax, struggling to invest and fear they will have to put their prices up in the months ahead."

He added that while concerns about major tax rises eased slightly after the budget, the lack of strong growth measures failed to lift sentiment. "It is now critical that 2026 is a year of delivery. The Government needs to turn strategies into action, boost investment, expand trade and ease the burdens facing businesses if the economy is to move away from its current low-growth path."

The survey, conducted by the BCC Insights Unit and the UK-wide Chamber network between November 10 and December 8, gathered responses from more than 4,600 firms, 91 per cent of which were small and medium-sized enterprises.

Source: fibre2fashion.com– Jan 07, 2026

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Dutch retail turnover rises 3.9% in November on broad-based demand

Overall retail turnover in the Netherlands increased by 3.9 per cent year on year (YoY) in November 2025, driven by firmer non-food and online sales, according to Statistics Netherlands (CBS). Sales volume rose by 2.6 per cent, and calendar-adjusted data showed broadly stable demand, indicating resilient consumer spending across most retail segments.

Supermarkets recorded a 4.2 per cent YoY increase in turnover. The non-food sector posted growth of 3.8 per cent, with sales volumes up 3.2 per cent. Shoes and leather segment saw rise of 3.2 per cent, while clothing retailers reported a modest increase of 0.8 per cent, CBS said in a press release.

Online retail continued to outperform physical stores. Online turnover climbed by 5.9 per cent YoY in November. Pure online retailers saw turnover rise by 6.5 per cent, while multi-channel retailers recorded growth of 5 per cent. Online sales of non-food products rose by 5.2 per cent YoY in November 2025, while clothing and fashion categories recorded growth of 2.4 per cent.

Source: fibre2fashion.com– Jan 06, 2026

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Japan to cut apparel waste by 25% by FY30 compared with 10 yrs before

To mitigate the environmental impact of carbon dioxide emissions generated by garment production, Japan has set a target of reducing apparel waste by a quarter by fiscal 2029-30 compared with 10 years before.

A new action plan will be compiled by March this year by the Japanese government, which will promote wider reuse and recycling of clothes, calling on local governments, businesses and households to work together to reduce textile waste, domestic media reported.

To promote circular fashion, the action plan will set five key initiatives, including strengthening systems to collect used clothing, expanding reuse and extending product lifespans.

Specific measures will be outlined for central and local governments, companies and households.

Municipalities will be encouraged to improve collection rates and make second-hand clothing more accessible to citizens in need, while apparel companies will be asked to design products that are easier to repair or reuse.

People will be urged to recycle clothing and choose environment-friendly products.

An Environment Ministry report said 8.38 billion cubic metres of water were estimated to have been consumed annually through dyeing and transportation processes of clothing supplied to Japan in 2024, while 95 million tonnes of carbon dioxide were estimated to have been emitted.

As sales to second-hand stores and recycling into repurposed textiles were limited, an estimated 560,000 tonnes of apparel were incinerated or sent to landfills in 2024, about nine-tenths of which came from households.

Source: fibre2fashion.com– Jan 06, 2026

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Vietnam runs trade surplus of over $20 billion in 2025

Việt Nam's total trade reached more than $930 billion in 2025, up 18.2 percent year-on-year, with a trade surplus of $20 billion, according to the National Statistics Office (NSO).

Speaking at a press conference in Hà Nội on Monday to announce fourth-quarter and full-year economic data, NSO Director General Nguyễn Thị Hương said the domestic sector recorded a trade deficit of $29.4 billion, while the foreign-invested sector, including crude oil, posted a surplus of nearly $49.5 billion.

Exports in December stood at $44 billion, up 12.6 percent from November. Domestic enterprises contributed $9.7 billion, rising 17.9 percent, while foreign-invested firms accounted for $34.3 billion, up 11.2 percent.

In the fourth quarter, exports totalled $126.3 billion, increasing 20 percent year-on-year but falling 1.7 percent quarter-on-quarter. For the whole year, exports rose 17 percent to $475 billion.

Domestic enterprises exported nearly $108 billion, down 6.1 percent and accounting for 22.7 percent of the total, while foreign-invested firms shipped $367.1 billion, up 26.1 percent and making up 77.3 percent.

The NSO reported that 36 product groups recorded export turnover of more than $1 billion, accounting for 94 percent of total exports. Eight groups exceeded $10 billion, representing 70.2 percent.

Processed industrial products led exports with $421.5 billion, or 88.7 percent. Agriculture and forestry earned $39.5 billion, seafood $11.3 billion, and fuels and minerals $2.8 billion.

On the import side, December imports rose 17.6 percent month on month to $44.7 billion. Domestic firms imported $14.6 billion, up 28.5 percent, while the foreign-invested sector imported $30.1 billion, up 13 percent. December imports surged 27.7 percent year-on-year, driven mainly by foreign-invested demand.

Fourth-quarter imports reached $123.1 billion, up 21.3 percent year-on-year and 2.9 percent quarter-on-quarter. For the whole year, imports grew 19.4 percent to $455 billion.

Domestic enterprises imported $137.4 billion, down 2 percent, while foreign-invested firms imported $317.6 billion, up 31.9 percent.

In 2025, 47 imported items recorded turnover of more than $1 billion, accounting for 93.8 percent of total imports, including nine items exceeding $10 billion.

Inputs for production dominated the import structure at $426.1 billion, or 93.6 percent. Machinery, equipment and spare parts accounted for 52.7 percent, raw materials and fuels 40.9 percent, while consumer goods totalled $28.9 billion, or 6.4 percent.

The United States remained Việt Nam's largest export market with $153.2 billion in turnover, while China continued to be the biggest import source at $186 billion.

Việt Nam posted a trade surplus of nearly $134 billion with the US, up 28.2 percent, and $38.6 billion with the European Union, up 10.1 percent. The surplus with Japan narrowed by 30.1 percent to $2.1 billion.

Trade deficits widened with China to $115.6 billion, up 39.6 percent, the Republic of Korea to $31.6 billion, up 4.3 percent, and ASEAN to $14.2 billion, up 42.4 percent.

Source: thedailystar.net– Jan 06, 2026

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Bangladesh achieves modest macroeconomic stabilisation: PRI

Bangladesh has achieved modest macroeconomic stabilisation, with improved exchange rate stability, higher foreign reserves and easing inflation, according to the Monthly Macroeconomic Insights for November 2025 published by the Policy Research Institute (PRI).

The external sector improved amid record remittance inflows despite stagnant exports and weak global demand, it said.

Severe banking sector stress, revenue shortfalls, and historically low implementation of the annual development programme underscore the need for political stability and structural reforms, the report remarked.

The report was recently launched by the Centre for Macroeconomic Analysis (CMEA), in partnership with Australia's Department of Foreign Affairs and Trade (DFAT).

Terming 2026 as a year of stabilisation amid continued political uncertainty, PRI principal economist Ashikur Rahman said foreign exchange reserves have increased, the exchange rate has stabilised and inflation has moderated slightly. However, imports have not grown at the expected pace, indicating weak domestic demand, he noted.

Restoring growth depends on policy predictability, as businesses are discouraged by uncertain and volatile environments like the one seen now, Kamran T Rahman, president of the Metropolitan Chamber of Commerce and Industry (MCCI), said at the launch ceremony.

Containing inflation will require supply-side reforms and smarter trade policies alongside a tight monetary stance, he was cited as saying by domestic media reports.

Source: fibre2fashion.com– Jan 07, 2026

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NATIONAL NEWS

Indian economy to grow 6.9% in FY27 amid global headwinds: Ind-Ra

The Indian economy is likely to grow by 6.9 per cent in Fiscal Year 2026-27 (FY27), Indian Ratings & Research (Ind-Ra) projected on Tuesday. This is lower than the estimated 7.4 per cent growth rate for FY26.

The agency believes domestic reforms, including the income tax cut in the FY26 budget, GST rationalisation, and three foreign trade agreements (Oman, UK, and New Zealand), will help the economy withstand global uncertainties, mainly driven by US tariffs.

“Major headwinds include: the El Niño pattern from mid-2026, a weak currency due to weak capital flows, sluggish global trade growth, strong growth in FY26 (base effect), and slower growth of net production taxes due to GST rationalisation. Another emerging headwind is artificial intelligence,” said Devendra Kumar Pant, Chief Economist at Ind-Ra.

The agency believed that risks to FY27 growth are evenly balanced. “A faster Indo-US trade deal and favourable Indian Ocean Dipole may help minimise the impact of the likely El Niño pattern in mid-2026, pushing GDP growth beyond the estimated.

However, if demand revival (consumption and investment) is weaker than expected, GDP growth could decline,” Pant said. Further, he noted that the base year for both GDP and the Consumer Price Index (CPI) will be changed to 2022-23 and 2024, respectively, from 2011-12 and 2012, in the coming months, and that the present economic outlook will be revised once the new base year data is released.

Consumption trends

Highlighting consumption, the agency said that while rural demand has remained resilient, urban demand is a drag on overall consumption. Five consecutive quarters of agricultural GVA growth exceeding 3.5 per cent, along with the decline in inflation in FY26, have enhanced the scope for sustained consumption demand.

Government consumption expenditure has remained muted amid the government's fiscal consolidation efforts. GFCF, however, has remained buoyant due to the government's (both union and state) continued thrust on capital expenditure, along with support coming from residential housing. "While India's exports of goods and services (in USD) grew 5.5 per cent yoy during 8MFY26, primarily due to the sluggish merchandise exports because of US tariffs, services exports witnessed steady growth," it said.

Inflation outlook

On inflation, it said that the outlook for the rest of FY26 and FY27 is benign. Stable agricultural growth and low inflation are likely to keep the rural real wage rate in positive territory, supporting consumption growth in FY27.

Low inflation should also maintain real minimum urban wages growth positive, and real wages in non-financial private corporations are likely to rise from the present level. "The income tax cut announced in the FY26 budget and GST rationalisation in September 2025 will improve disposable income and help sustain consumption demand," it said.

Source: thehindubusinessline.com– Jan 06, 2026

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Indian exporters risk losing US orders without January trade deal

Indian exporters of products ranging from home decor to leather shoes are worried about missing the US summer shopping season if they are unable to lock in orders in January as trade-deal talks drag on between New Delhi and Washington.

This will be the decisive month for sealing the trade pact so contracts can be secured for the first half of 2026, according to half a dozen local exporters who spoke to Bloomberg News. The punitive 50 per cent US tariffs since August already hurt the exporters' order volumes in the typically busy winter and Christmas season in 2025.

One of steepest levies imposed by the Donald Trump-administration continue to deal a heavy blow to India's labor-intensive sectors, especially textiles, handicrafts, apparels, gems and leather. Despite multiple rounds of talks, including four conversations between Trump and Prime Minister Narendra Modi since August, the slow progress in the trade deal has pressured the rupee and forced New Delhi to dole out $5 billion to protect Indian exporters.

Rafeeque Ahmed, chairman of Farida Group that is one of the largest shoemakers in India, said Jan. 15 is the cutoff date for securing bulk orders from the US to ensure stable revenue for the summer and autumn seasons. The Tamil Nadu-based company derives about 60 per cent of its export revenue from American markets.

"I have cut down production by 20 per cent-25 per cent and laid off workers," said Ahmed, who supplies to international brands like Cole Haan and Clarks. "How long can we sustain this and keep giving discounts?"

Mixed signals

Trump, meanwhile continues to send mixed signals. He told reporters on Sunday that high tariffs had pushed New Delhi to reduce Russian oil imports. Trump added that Modi knew he was "not happy", and because India trades with the US, "we can raise tariffs on them very quickly, and it would be very bad for them" — remarks that raised doubts about whether he intends to remain combative toward India or move to expedite a trade deal.

India's oil imports from Russia in December fell 40 per cent from a June peak of 2.1 million barrels a day, a noticeable gain for Trump who has intensified efforts to choke off cash flows to Vladimir Putin's war machine and end the Ukraine conflict.

In 2024, before trade headwinds darkened sentiment, India shipped goods worth $87.4 billion to the US, accounting for almost one-fifth of the country's total exports.

US government trade data show apparel imports dropped by about 12 per cent to $376 million in September 2025 compared with the year-ago period. Imports of rugs fell by 10 per cent to $98.4 million over the same period.

"If the deal doesn't happen quickly then April-August and holiday shipping would be impacted," said Gautam Nair, director of Matrix Design, an apparel maker located on the outskirts of New Delhi. "First half would then be a complete washout."

As part of efforts to diversify its markets beyond the US, India in recent months has forged new free trade alliances with New Zealand, Oman and the UK. Negotiations with the EU, Australia, Chile and Peru are ongoing.

Salvaging relationships

To offset losses, many exporters are also scrambling to salvage supplier relationships by offering discounts or traveling abroad to secure new clients and reassure existing ones.

Lalit Thukral, founder of textile exporter Twenty Second Miles, said August through December is typically the busiest period for the industry, but this year it delivered losses instead. Preparing for tougher days ahead, he traveled to the UK with a 15-person delegation in November looking for new customers.

Tiruppur-based R.K. Sivasubramaniam, whose firm makes basics like underwear, will visit the US in January to scout for buyers. Sivasubramaniam has cut his production since August by 50 per cent.

"We are trying to get newer buyers but it is not possible to grab them immediately," he said, adding that this work trip was crucial for his business. "Other US buyers are indefinitely gone."

Vijay Sethi, a director at Sethi Handicrafts, has lost several American clients despite offering discounts of as much as 20 per cent. The maker of home-decor products, based in a town just outside of New Delhi, has meetings with US buyers lined up in January.

Finding workarounds

Several gems and jewelry exporters are experimenting with costly workarounds to blunt the impact of the tariff.

Some have set up US subsidiaries to manage trade locally, while others are shifting parts of their manufacturing to countries like the United Arab Emirates, where duties are about 15 per cent, said Sabyasachi Ray, executive director of the Gem and Jewellery Export Promotion Council.

"They've had to change the way of doing business," said Ray. But the workarounds "have taken a toll."

Apparel suppliers such as Raymond Lifestyle Ltd. and Gokaldas Exports Ltd., were among the firms considering moving some of their production to African countries. Gokaldas has four factories in Kenya and one in Ethiopia, while Raymond was looking to use its Ethiopia plant to supply American buyers, as tariffs in these countries are as low as 10 per cent.

"Exporters don't have much choice right now," said Ajay Sahai, director general of Federation of Indian Export Organizations. "They are looking at alternative markets, selling locally and one thing has become very clear — we can't overly depend on the US for exports."

Source: business-standard.com– Jan 07, 2026

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Cloudy skies over US-EU trade deals: India prepares for headwinds

At periodic intervals, Indian officials raise the possibility of a trade deal with the United States (US), and also a free trade agreement (FTA) with the European Union (EU). A briefing by the external affairs ministry a few days ago said that both deals were being actively pursued with the aim of concluding a fair, balanced and mutually beneficial agreement.

After the recent, speedy conclusion of trade deals with Oman and New Zealand, there may be a tendency to assume that both the US and EU deals could happen reasonably soon, especially the latter. After all, European Commission President Ursula von der Leyen and European Council President António Costa will be in New Delhi as guests of honour for Republic Day. What could be better than getting the deal initialled when they are here?

A few days ago, India's ambassador to the US, Vinay Kwatra, met Sergio Gor, the US ambassador to India, to push for an early trade deal. Chief Economic Advisor V Anantha Nageswaran said the deal was nearly done, but was perplexed by delays. Still, he volunteered that he would be surprised if it does not get done by the end of the financial year (i.e. by March 2026).

There is, actually, less reason for optimism on the US deal today thanks to one man: Donald J Trump. The US President has been changing the goalposts for India repeatedly.

It started with a demand that India reduce its trade deficits by buying more from the US; then it became about acknowledging his alleged role in brokering a ceasefire with Pakistan last May; then it became about Russian oil; and two days ago he said it was all about India making him happy.

India would like a good trade deal with the United States of America, but what we are being forced to negotiate is a dubious deal with one vain man in the White House. That trade deal would not be worth the paper it is written on if Mr Trump's political fortunes start reversing as America comes to its constitutional senses, or even if he gets up in a different mood one fine day in the coming months.

Maybe these deals will happen soon, maybe they will get delayed. But India's policymakers, and especially the markets, would do well to assume that their conclusion may take time. It is time to prepare for worst-case scenarios, and not build national trade policies on a wing and a prayer. Doing a trade deal with Mr Trump, who currently rules by personal fiat and decree in defiance of constitutional norms, may not stand judicial scrutiny in his own country.

Both the US and the EU are going through massive internal political and economic convulsions, with different ideological lobbies seeking to tear each other apart.

In the US, the breakdown of the elite consensus after the election of Mr Trump, and his wayward behaviour for much of 2025, makes political consensus difficult. His own Maga (Make America Great Again) base is split between the realists, and the hard-boiled Right-wing ideologues who don't want any concessions to be made to India despite Big Tech's push on India's behalf, especially on H-1B visas and services. Despite being confirmed as US ambassador in October, Sergio Gor is yet to set up shop in India. Probably his biggest battles are in the US itself.

The Trump administration is battling the political fallout from the release of the Epstein files, where some details of Mr Trump's alleged close relationship with sex-trafficker Jeffrey Epstein were disclosed. Epstein was awaiting trial on charges of sex-trafficking of women and young girls when he apparently committed suicide in jail in 2019.

The Epstein files do not only deal with Trump, but an entire category of politicians and businessmen who constitute the elite. The US Deep State needs the distraction of trade and other external conflicts to deflect public scrutiny from focusing too much on Epstein. Hence Mr Trump's focus on Greenland and his bashing of Venezuela, where the US behaved like a highway brigand, kidnapping a sitting President and his wife and shipping them to America for a taste of "American justice".

In Europe, which is busy shooting itself in the foot over Ukraine — it recently chose to permanently freeze Russian sovereign assets, thus dealing a blow to international confidence in its financial system — the Union is sharply divided between those who want to support Ukraine to the hilt, and those who do not want the war to continue endlessly, draining resources needed for growth and jobs. As Europe gets a taste of Mr Trump's ridicule and his threats regarding Greenland (which would be the first time a North Atlantic Treaty Organization leader had threatened another Nato member's territory), Europe is sounding increasingly unhinged about Ukraine. While Mr Trump is trying to get a deal with Vladimir Putin and penalising India for his failure there, Europe is promising itself that it will defend Ukraine to the bitter end, and ultimately may decide that someone else is to blame for its follies, just as Mr Trump decided India must pay higher tariffs because he could not get Mr Putin to end the war.

The future of both Nato and the EU is now in some doubt. In December, the EU was set to sign its biggest trade deal with the Latin American Mercosur bloc, but the deal was postponed by a month after Giorgia Meloni of Italy threw a spanner in the works at the last minute. The deal, if signed, would create one of the largest trade blocs in the world, tying the EU to Mercosur, which includes Brazil, Argentina, Uruguay, and Paraguay.

A deal that was negotiated in fits and starts over 20 years is still stuck in limbo, held hostage by internal rifts within the EU. Farmers in France, Poland and Italy are said to be the main roadblocks to the deal, though Ms Meloni is said to have assured Brazilian President Luiz Inácio Lula da Silva that she would sign up the minute she can get her farmers to agree. She could be separately trying to get more EU support for her farmers in order to remove her veto.

But EU finances are strained in a climate of weak growth. In a union where voting weights are based on population sizes, a qualified blocking minority can stall decisions if four countries representing at least 35 per cent of the union's population decide to do so.

This is the US and EU context in which India is trying to get a trade deal, and one cannot assume that the EU collectively is more eager to get the deal done than America. Both are grappling with internal quarrels and opposition. They are fighting political wars within, and, as the political Right gets stronger in the EU, even the current limited political consensus will start looking weak.

India would do well to plan for worst-case scenarios. The crystal ball for big-ticket trade deals looks cloudy at the start of 2026.

Source: business-standard.com– Jan 06, 2026

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Piyush Goyal's Brussels visit to give final push to EU FTA negotiations

Commerce and industry minister Piyush Goyal will travel to Brussels during January 8-9 to give a final push to the trade talks between India and the European Union (EU).

During the visit, Goyal will hold high-level dialogues with the EU Commissioner for Trade and Economic Security, Maroš Šefčovič. "The primary objective of these interactions is to provide strategic guidance to the negotiating teams, resolve pending issues, and expedite the conclusion of a balanced and ambitious agreement," an official statement said on Tuesday.

What are the key issues still holding up the India-EU trade talks?

Both sides aim to resolve pending contentious issues, including the Carbon Border Adjustment Mechanism (CBAM), steel, and automobiles.

Why has the India-EU trade agreement timeline been pushed back?

India and the EU had aimed to finalise the deal by the end of the year. However, talks are now set to roll over to the next year, with a fresh attempt to seal the agreement by January 26, during the visit of European Commission President Ursula von der Leyen to New Delhi as the Republic Day chief guest.

What does Goyal's Brussels visit signal for the India-EU FTA?

"The visit underscores the intensifying diplomatic and technical engagements between New Delhi and Brussels, signalling a decisive push towards concluding the India-EU Free Trade Agreement (FTA)," the statement said.

Why is the EU a critical trade partner for India?

The EU is currently India's largest trading partner and a key investor, with bilateral trade in goods significantly bolstered in the 2024-25 financial year. This agreement is envisioned not just as a trade deal but as a comprehensive partnership that addresses modern economic realities.

What happens next in the negotiations?

They are also expected to carry out detailed deliberations across key areas of the proposed agreement, aiming to narrow divergences and ensure clarity on outstanding matters.

Source: business-standard.com– Jan 06, 2026

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Tariff cut, reorientation of production to enhance global competitiveness: Niti Aayog

New Delhi: India needs strategic measures, including reducing tariffs and reorienting production towards high-demand segments such as passenger vehicles, to enhance competitiveness and global positioning, Niti Aayog said on Tuesday.

The Aayog, in its latest edition of the 'Trade Watch Quarterly' for April-June 2025, said strengthening quality standards, certification systems, and technology adoption, alongside fostering forward linkages in global supply chains, will be critical.

"To enhance competitiveness and global positioning, India needs strategic measures that include reducing tariffs, boosting two-way trade and cross-border platform participation, and reorienting production toward high-demand segments such as passenger vehicles," it said.

The publication highlighted emerging structural shifts in India's trade profile, including the rising contribution of technology-intensive exports, the continued strength of services-led growth, and changes in import composition reflecting deeper integration into global value chains.

In addition, the thematic section of this quarter's edition focused on India's automotive exports, examining global demand patterns, India's export footprint across vehicles and auto components, tariff structures, intra-industry trade, and participation in global value chains, while identifying key challenges and policy priorities to strengthen competitiveness and export performance.

The report noted that though India has done well in specific segments of the automotive export market, there are significant opportunities to increase market share in the USD 2.2-trillion global automotive export market, which is growing.

The analysis, based on mapping of global automotive exports, India's exports, and stakeholder consultations, suggested specific policy steps to enhance competitiveness, global positioning, two-way trade, and to reorient production toward high-demand segments.

Further suggestions included strengthening quality standards, certification systems, technology adoption, and market diversification, alongside fostering forward linkages in global automotive supply chains.
Releasing the report, NITI Aayog member Arvind Virmani emphasised that strengthening India's export competitiveness, particularly in sectors such as automobiles, will be critical for sustaining long-term growth and employment generation.

Global trade in goods and services maintained its momentum in April-June 2025, expanding by about 2.5 per cent quarter-on-quarter.

The upturn was driven mainly by developing economies and rising South-South trade, even as the United States trade performance weighed on the global average.

India's overall trade position in Q1 FY26 remained stable, with total merchandise and services trade reaching USD 439 billion, growing 3.5 per cent y-o-y.

Services continued to drive the expansion, with exports from the sector rising 10 per cent and contributing to a large surplus of USD 48 billion.

Source: economictimes.com– Jan 06, 2026

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Tariff uncertainty clouds India's spring-summer export season as US orders hang in balance

As Indian exporters prepare spring-summer shipments to the United States, anxiety is spreading across factory floors and boardrooms alike. Order books for the next season are being negotiated under a cloud of uncertainty, driven by steep US tariffs on Indian goods and the absence of clarity on a long-pending trade deal.

For many exporters, the stakes are high. The US remains India's most important market for leather goods, garments and footwear. In some cases, it accounts for a dominant share of revenues. To hold on to buyers, exporters are making painful concessions, The Times of India reported on January 6. One leading leather goods exporter, who is planning visits to Europe and America in the coming weeks to secure fresh orders, says survival has become the priority, according to the report (by Sidhartha).

Indian suppliers are offering discounts of around 20%, while American buyers have cut their own margins by 7-8%. The aim is to ensure that made-in-India products are not pushed out by competitors from other countries. The challenge lies in tariffs. Rival sourcing destinations face duties in the range of 15–20% when exporting to the US. Indian products, by contrast, are hit with tariffs of about 50%. The arithmetic does not work for long.

"The buyers know that we cannot sustain this as this is more than the profit that we make," the exporter said. "These are tough times to keep the order book up."

He is not alone. Several Indian garment and footwear companies have chosen to absorb part of the additional cost burden. At the same time, they have persuaded American buyers to share some of the pain by lowering margins. The calculation is that this arrangement might be bearable for a few months, until the proposed trade deal with the US is finalised.

That hope, however, is wearing thin. There is still no clarity on when, or even whether, the deal will be concluded. Meanwhile, US President Donald Trump has continued to raise the pitch on tariffs, adding to the unease. Exporters say this uncertainty is now directly affecting discussions for the next season.

An industry executive said some American buyers are reassessing their sourcing strategies. India remains under evaluation, but so do other comparable markets. “If the deal is done then they will stick with the Indian seller,” the executive said. “Otherwise some of them may shift.”

Such a shift would have serious consequences. Leather and textiles are among India’s most employment-intensive sectors, supporting millions of jobs across clusters large and small. An industry veteran warned that these segments would be the worst hit if orders begin to move away from India.

For now, exporters are trying to balance immediate pressures with longer-term strategy. Europe is one option. Negotiations for a free trade agreement with the European Union are progressing, raising hopes of better market access in the future. Yet even here, expectations are measured.

While the agreement is in sight, exporters know that it could take several months for the treaty to be ratified after both sides finalise it. Any benefits, therefore, are unlikely to be immediate.

Despite this, the US continues to dominate exporters’ thinking. The scale and simplicity of American orders make the market hard to replace. One exporter explained the contrast. “You can expect to get an order for 500 pieces with 20 designs from one American buyer,” he said. “In Europe, you will need 10 buyers and many more designs to reach that number.”

This difference matters. Fewer buyers, larger orders and simpler product requirements reduce costs and complexity. For manufacturers already under strain, that efficiency can be the difference between staying afloat and slipping into losses.

The government, for its part, has offered little reassurance. Officials have indicated that representatives of the Trump administration have reviewed what they described as a “good offer” from India. Beyond that, there has been no further communication.

That silence has left exporters grappling with yet another cycle of uncertainty, just as they gear up for the next season’s production.

Source: economictimes.com– Jan 06, 2026

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Parliamentary panel examines impact of higher US tariffs, meets affected sectors' stakeholders

New Delhi: The Parliamentary Standing Committee on Commerce is assessing the impact of enhanced tariffs by the United States on the entry of various Indian products and seeks to understand the challenges faced by various sectors.

It also seeks to assess the various measures taken by financial institutions, central and state governments to mitigate the adverse effects of US tariffs.

The committee members are currently on a study visit to Visakhapatnam, Chennai and Coimbatore from January 6-8 to evaluate India-US trade relations. The committee is chaired by Rajya Sabha MP Dola Sen.

In Visakhapatnam, the committee on Tuesday met with stakeholders and state government representatives, focusing on the Indian marine sector.

A statement by the committee said the members of the panel interacted with representatives from fisheries, export councils, and financial institutions, and visited the Fishing Harbour and Sea Cages off Ramakrishna beach. On January 7, the committee will travel to Chennai to discuss the impact of US tariffs on the automotive and leather sectors with industry representatives and government officials.

On January 8, the committee will visit Coimbatore to evaluate India-US trade relations in the context of the textile and apparel sector, meeting with textile and apparel manufacturers, exporters, and representatives of industrial bodies like AEPC and CITI.

During the visits, officials from the Department of Commerce, DPIIT, Ministry of Textiles and the MSME will also be present in the meetings related to their respective subjects, the statement said.

The Parliamentary Committee's visit aims to understand the challenges faced by various sectors and their concerns while exploring ways to augment exports abroad, the panel said in the statement.

Source: economictimes.com– Jan 07, 2026

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US tariffs: Economic cost deepens in Maharashtra's second-tier cities

Industries in Maharashtra's second-tier cities are now beginning to feel the real impact of tariffs imposed by the United States. While the State government has officially acknowledged that global trade tensions and US tariffs on Indian goods have affected major industries, the strain is becoming more visible outside Mumbai and Pune.

Cities such as Solapur, Kolhapur and Sangli are facing significant hurdles, with the broader impact reflected in their local economies. Exports from key manufacturing clusters in western Maharashtra to the United States have seen sharp disruption, particularly in garments, terry towels and auto components.

Struggling Solapur

In Solapur, around 15 garment units export products to the US through merchant exporters. This flow of orders has now come to a complete halt. Terry towels form a major share of Solapur's textile output, with about 25 per cent of production earlier exported to the US. The district's total terry towel production is estimated at around ₹800 crore, of which nearly ₹200 crore was exported to the US Local industrialists are now concerned about finding alternative markets.

About 15,000 workers in Solapur's textile industry could lose their jobs if the tariff stalemate continues, a figure the State government has partially acknowledged.

"The government has assured help, but no concrete steps have been taken so far. The real heat of the US tariff is being felt now, and many industries are reducing their workforce," said a leading industrialist in Solapur.

Impact on Kolhapur

Data from the Directorate General of Commercial Intelligence and Statistics (DGCIS) shows fluctuating export trends from Kolhapur district, known for its foundry cluster. In 2023–24, Kolhapur exported goods worth ₹157.43 crore to the US and ₹300.35 crore to other countries.

In 2024–25, exports to the US stood at ₹154.76 crore, while shipments to other countries rose to ₹354.11 crore. In 2025–26, exports up to the end of June amounted to ₹41.96 crore to the US and ₹81.16 crore to other countries.

Local expert V. S. Patil said exports to the United States had given momentum to the city's economy only in recent years, but with shipments to the US now coming to a complete halt, the repercussions are being felt across industrial estates, particularly among small ancillary units.

Sangli Workforce

Sangli district has also seen notable export activity and disruption. In 2024–25, auto components worth ₹99.96 crore were exported to the US, along with textile exports valued at ₹4.71 crore. In 2025–26, up to the end of April, auto component exports to the US stood at ₹20.5 crore, while textile exports were ₹0.24 crore.

Businessman Prashant Pawar from Sangli said small units are struggling to survive and many are unable to retain their workforce. He added that the Union government must resolve the tariff issue quickly to prevent long-term damage to the economies of smaller cities.

Government Response

While responding to members of the State Legislative Council, Marketing Minister Jaykumar Rawal said the government has appointed a committee to study the impact of US tariffs.

The committee is examining challenges faced by industries in exporting to other countries, options to boost exports, alternative overseas markets, and both short- and long-term solutions to mitigate the impact of US tariffs. The government, he said, will act on the committee's recommendations to support affected industries.

Source: thehindubusinessline.com– Jan 06, 2026

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Indian exporters fear 'washout' of US orders as elusive trade deal prolongs tariff pain

Indian exporters of products ranging from home decor to leather shoes are worried about missing the US summer shopping season if they are unable to lock in orders in January as trade deal talks drag on between New Delhi and Washington.

This will be the decisive month for sealing the trade pact so contracts can be secured for the first half of 2026, according to half a dozen local exporters. The punitive 50 per cent US tariffs since August already hurt the exporters' order volumes in the typically busy winter and Christmas season in 2025.

One of the steepest levies imposed by the Donald Trump administration continues to deal a heavy blow to India's labour-intensive sectors, especially textiles, handicrafts, apparel, gems and leather. Despite multiple rounds of talks, including four conversations between Trump and Prime Minister Narendra Modi since August, the slow progress in the trade deal has pressured the rupee and forced Delhi to dole out US$5 billion to protect Indian exporters.

Rafeeque Ahmed, chairman of Farida Group that is one of the largest shoemakers in India, said January 15 is the cut-off date for securing bulk orders from the US to ensure stable revenue for the summer and autumn seasons. The Tamil Nadu-based company derives about 60 per cent of its export revenue from American markets.

"I have cut down production by 20 per cent-25 per cent and laid off workers," said Ahmed, who supplies to international brands like Cole Haan and Clarks. "How long can we sustain this and keep giving discounts?"

Trump, meanwhile, continues to send mixed signals. He told reporters on Sunday that high tariffs had pushed Delhi to reduce Russian oil imports.

Trump added that Modi knew he was "not happy", and because India trades with the US, "we can raise tariffs on them very quickly, and it would be very bad for them" – remarks that raised doubts about whether he intends to remain combative towards India or move to expedite a trade deal.

India’s oil imports from Russia in December fell 40 per cent from a June peak of 2.1 million barrels a day, a noticeable gain for Trump who has intensified efforts to choke off cash flows to Vladimir Putin’s war machine and end the Ukraine conflict.

In 2024, before trade headwinds darkened sentiment, India shipped goods worth US$87.4 billion to the US, accounting for almost one-fifth of the country’s total exports.

US government trade data showed apparel imports dropped by about 12 per cent to US$376 million in September 2025 compared with the year-ago period. Imports of rugs fell by 10 per cent to US$98.4 million over the same period.

“If the deal doesn’t happen quickly then April-August and holiday shipping would be impacted,” said Gautam Nair, director of Matrix Design, an apparel maker located on the outskirts of Delhi. “First half would then be a complete washout.”

As part of efforts to diversify its markets beyond the US, India in recent months has forged new free-trade alliances with New Zealand, Oman and the UK. Negotiations with the EU, Australia, Chile and Peru are ongoing.
To offset losses, many exporters are also scrambling to salvage supplier relationships by offering discounts or travelling abroad to secure new clients and reassure existing ones.

Lalit Thukral, founder of textile exporter Twenty Second Miles, said August through December is typically the busiest period for the industry, but this year it delivered losses instead. Preparing for tougher days ahead, he travelled to the UK with a 15-person delegation in November looking for new customers.

Tiruppur-based R.K. Sivasubramaniam, whose firm makes basics like underwear, will visit the US in January to scout for buyers. Sivasubramaniam has cut his production since August by 50 per cent.

“We are trying to get newer buyers but it is not possible to grab them immediately,” he said, adding that this work trip was crucial for his business. “Other US buyers are indefinitely gone.”

Vijay Sethi, a director at Sethi Handicrafts, has lost several American clients despite offering discounts of as much as 20 per cent. The maker of home decor products, based in a town just outside Delhi, has meetings with US buyers lined up in January.

Several gems and jewellery exporters are experimenting with costly workarounds to blunt the impact of the tariff.

Some have set up US subsidiaries to manage trade locally, while others are shifting parts of their manufacturing to countries like the United Arab Emirates, where duties are about 15 per cent, Sabyasachi Ray, executive director of the Gem and Jewellery Export Promotion Council, said.

"They've had to change the way of doing business," Ray said. But the workarounds "have taken a toll".

Apparel suppliers such as Raymond Lifestyle and Gokaldas Exports were among the firms considering moving some of their production to African countries. Gokaldas has four factories in Kenya and one in Ethiopia, while Raymond was looking to use its Ethiopia plant to supply American buyers, as tariffs in these countries are as low as 10 per cent.

"Exporters don't have much choice right now," Ajay Sahai, director general of the Federation of Indian Export Organisations, said. "They are looking at alternative markets, selling locally and one thing has become very clear – we can't overly depend on the US for exports."

Source: scmp.com– Jan 07, 2026

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Cotton prices firm up after import duty exemption ends

Raw cotton or kapas prices have firmed up by over 5 per cent after the duty exemption on imports of the fibre crop ended on December 31. However, the gains are likely to be capped as Bangladesh, the largest buyer of Indian cotton yarn, is considering imposing tariffs the yarn imports.

Bangladesh is actively considering imposing a duty on yarn imports to safeguard its domestic yarn producers. The Bangladesh Trade and Tariff Commission held a meeting on Monday to discuss imposing a 20 per cent duty on yarn imports, but there has been no official announcement on the levy, as yet.

“There is a possibility of Bangladesh imposing a duty on yarn imports. If the duty is imposed then we will see pressure on local yarn markets as Bangladesh is our main yarn buyer from last few years. We export about 30 per cent of the total yarn produced as our requirement is only 70 per cent of our total yarn production,” said Atul Ganatra, former president of Cotton Association of India.

Lower than MSP

Trade sources here feel that the Bangladesh duty on yarn imports is likely to be around 10 per cent. A likely duty of around 10-20 per cent may increase the landed cost of Indian yarn in Bangladesh, making it uncompetitive in the neighbouring market.

Meanwhile, in the domestic market, after the duty exemption on cotton imports has been discontinued, the prices of raw cotton or kapas have improved across markets by Rs 400-500 per quintal. They are still lower than the minimum support price (MSP) level of Rs 8,100. The state-run Cotton Corporation of India (CCI), which is actively buying at MSP and has, so far, procured over 68 lakh bales.

“Kapas prices have moved up to the level of Rs 8,000 per quintal, from around Rs 7,500-7,600 levels last week. Also, pressed cotton prices have moved up by Rs 1,000-1500 per candy (356 kg),” said Ramanuj Das Boob, a sourcing agent in Raichur. He said this is the right time for the CCI to announce the price for the 2025-26 crop as the mills and the trade are eagerly looking forward to it. Any delay in announcing the price is likely to result in mills contracting more imports, he said.

2024-25 crop sold out

In Khandesh, Maharashtra, the raw cotton prices have moved up by Rs 400-500 per quintal to around Rs 7,400-7,500 levels after the duty exemption has ended, said Pradeep Jain, Founder President, Khandesh Gin Press Factory Owners Association in Jalgaon. "About 40 per cent of the crop in Khandesh has already arrived in the market, while farmers are holding the rest of it and the picking has been complete," Jain said.

Arun Khetan, a broker in Akola, said CCI has almost sold the 2024-25 crop and the stocks are less than 3 lakh bales. The market expectation is that CCI may announce the price for 2025-26 crop at around Rs 57,000 a candy, he said.

Source: thehindubusinessline.com– Jan 06, 2026

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Karur textile units scale down weekly operation due to poor orders from the U.S.

Textile exporters from Karur, who are hit hard by high tariffs imposed by the United States of America, have introduced four-day to five-day work schedules in a week so as to cut down the overheads.

Home textile exports originate from the Karur cluster, which has earned a reputation for quality and reliability over decades of trade relationships, and constitute a significant share of the country’s exports.

According to industry sources, the total annual manufacturing value of Karur cluster is pegged at ₹9,000 crore. Of this, exports constitute ₹6,000 crore, predominantly to the U.S.A. and the European Union. The cluster employs about 2 lakh people in production of home textiles such as bed linen, table covers, kitchen cloths, mats, and sofa covers.

Since the U.S began imposing 50% higher tariffs on Indian goods from August the exporters have begun to feel the heat. Shortly after the new tariff regime came into effect on August 27, the customers based in the U.S. demanded heavy discounts for the orders placed before August.

Several buyers chose to cancel the orders. In order to ensure routine function of the companies many exporters offered special discounts to their products. However, except for a few, many exporters received nil orders since September, thereby forcing them to trim down the production by introducing a partial lay off system.

The textile units in Karur usually close for a day on Sundays, thereby workers getting one day weekly off. However, the dwindling orders from the U.S.A. have forced the exporters to run their units only for five days or four days a week. It has eventually forced the workers to lose at least one to two day wages in a week.

“We love to run our units, both men and machines, to their optimum level. But, the poor export order, mainly from the U.S.A., has forced us to scale down the production. Some companies operate five days in a week, others prefer to operate from Monday to Thursday,” says P. Gopalakrishnan, president, Karur Textile Manufacturers Association.

He said that the exporters had managed to float their business for the last five months by clearing their earlier orders from the US. The exporters had hardly received fresh orders from the US in the second and third quarters of the current fiscal. After a long vacation on account of Christmas, the businesses in the US had just now begun their operation. The real impact of high tariffs would be known during the last quarters of 2025-26.

Another exporter said a section of exporters had faced liquidity crisis to an extent. Many of them had availed working capital loans to tide over the crisis. The Union government's intervention, after the high tariff regime, had helped them to have a better working capital management. However, it would not support them in the long run.

Mr. Gopalakrishnan added that the Union government should finalise the India-US trade deal to sustain the operations, protect jobs, and maintain global competitiveness. Otherwise, the exporters would lose the buyers' base.

Source: thehindu.com– Jan 06, 2026

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AEPC calls for increasing the cap limit for interest subvention scheme

The Apparel Export Promotion Council (AEPC) has urged the Union Finance Minister Nirmala Sitharaman to consider enhancing the cap limit under the interest subvention scheme.

A. Sakthivel, honorary chairman of Tiruppur Exporters' Association, who took over as the chairman of the Apparel Export Promotion Council (AEPC) on Tuesday, met the Finance Minister in New Delhi on Tuesday and said increasing the cap will benefit more MSMEs.

Rohit Kansal, Additional Secretary, Union Ministry of Textiles, said at an event where Mr. Sakthivel took over as the AEPC chairman, "One word that defines the textile industry is resilience. The government is cognisant of the difficulties of the industry and is ready to continue its support for boosting textiles exports."

Mr. Sakthivel said he will work closely with the Central and State governments and industry stakeholders to expand market access by leveraging India's growing network of FTAs and increasing share in global apparel trade.

He will also address emerging challenges such as sustainability compliance. The immediate priority is to mitigate the adverse impact of the recent U.S. tariff on Indian apparel exporters and the millions of workers dependent on the sector.

The AEPC will also promote manufacture of man-made fibre garments for exports, while strengthening sustainability and ESG-focused capacity-building initiatives across the industry, he said.

Source: thehindu.com– Jan 06, 2026

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Zudio Leads The Race For India's Next Billion Consumers

Zudio: India's consumer landscape is undergoing a quiet but a major shift. For decades, the country's much-hyped consumption story revolved around a narrow base of roughly 150 million affluent, English-speaking Indians concentrated in major metropolitan cities.

Today, that story is rapidly expanding beyond urban elites, as companies pivot towards a far bigger prize: India's next billion consumers living in Tier 2 and Tier 3 cities.

Cheap mobile data, mobile-first platforms, expanding logistics networks, and rising aspirations are reshaping consumption patterns far beyond metros.

From fashion and food delivery to streaming and mobility, businesses are redesigning products, pricing, and distribution to cater to a value-conscious yet aspirational India that was once dismissed as too frugal to monetise. As a Bloomberg report notes, this next phase of growth is where the real battle lies.

India's Next Billion: The New Consumer Frontier

As India accelerates towards becoming the world's fourth-largest economy, discretionary spending is no longer limited to metros. Smaller towns are seeing a steady rise in purchasing power, with consumers willing to spend on clothing, electronics, food, and digital services albeit at carefully calibrated price points.

This new consumer cohort is aspirational but budget-aware. They seek style, convenience, and brand value, without the premium pricing that global brands often demand. It is in this space that Zudio, Tata Group's homegrown fast-fashion brand, has found its sweet spot.
Zudio's Rise: Affordable Fashion is the word

While international fast-fashion giants such as Zara and H&M continue to battle for visibility in urban malls, Zudio has quietly stitched itself into the wardrobes of millions across small-town India. Owned by Trent Ltd., a Tata Group company valued at around $9.6 billion, Zudio has grown from near obscurity to over 800 stores in less than a decade.

Unlike its global rivals, Zudio positions itself unapologetically as affordable. Its stores, typically spread across 7,000–8,000 square feet, focus on volume rather than visual extravagance. As of FY24, nearly 85% of Zudio's products are priced below ₹1,000, with most items falling in the ₹300–₹500 range. For India's next billion consumers, affordability is not just a feature it is the brand.

A retail analyst at Edelweiss summed it up succinctly: affordability is Zudio's strongest magnet in a market where aspirations often outpace purchasing power.

A Deliberate Brand Strategy Without the Tata Gloss

Despite being part of one of India's most trusted conglomerates, Zudio has deliberately avoided prominent Tata branding.

According to Bernstein Research, this strategic distance allows the brand to feel local, accessible, and non-corporate key attributes for its target audience.

While Tata's other retail brands, such as Westside, cater to middle and upper-middle-class shoppers, Zudio focuses squarely on value-conscious consumers shopping for everyday style rather than fashion statements. This clarity of purpose has helped the brand carve out a distinct identity in a crowded market.

Fast Fashion, Indian Pricing and No Online Sales

Zudio's operational playbook borrows selectively from global fast-fashion models. Like Zara, it refreshes styles every three to four weeks, ensuring stores remain dynamic and trend-responsive.

However, Zudio executes this at Indian-tier pricing, making fashion accessible to consumers in smaller cities.

Perhaps the most contrarian aspect of Zudio's strategy is what it chooses not to do.

The brand has no e-commerce presence no app, no marketplace listings, and no direct-to-consumer online strategy. In an era dominated by D2C brands, this offline-only model appears counterintuitive.

Yet, the numbers tell a different story. Trent reported that Zudio crossed $1 billion in revenue in FY25, even as it doubled its store count within two years. By staying offline, Zudio retains complete control over inventory, pricing, and customer experience, while benefiting from rising mall footfall in Tier 2 and Tier 3 cities where digital penetration remains uneven.

Expansion at Scale: Why Zudio Is Everywhere

Trent's aggressive rollout strategy has further fuelled Zudio's dominance. The company plans to add around 200 new Zudio stores in FY25 alone, far outpacing competitors in the value-fashion segment. Its asset-light approach using a mix of owned and leased properties allows rapid expansion at lower costs.

Zudio stores reportedly break even within 18 months and generate over ₹1,000 per square foot per month in many locations, underscoring the operational efficiency backing its growth.

Zudio vs Zara: A Tale of Two Markets

Inside a Zudio outlet on Ballupur Road in Dehradun, young shoppers browse ribbed sweaters, jeans priced at around $10, sneakers for $11, and personal-care products starting at $1. The store mirrors Zara's fast-fashion format, but at prices tailored for small-city India.

Zara, by contrast, remains firmly anchored in metros, with just 22 stores across major cities. While the Spanish fast-fashion giant has built its global reputation on cutting-edge designs and rapid inventory turnover, its premium pricing and limited geographic reach have constrained its appeal beyond urban India.

Zudio's ability to offer similar styles at a fraction of the price has given it a decisive edge in smaller towns, where fashion aspirations are high but budgets are limited.

Challenges Ahead: Can Silence Scale?

Despite its success, Zudio faces emerging challenges. Analysts caution that an offline-only strategy may limit scalability as younger consumers increasingly prefer hybrid shopping experiences.

Competition is also intensifying, with Reliance's Yousta and Shoppers Stop's Intune entering the value-fashion space.

Additionally, Zudio's fast-fashion model has drawn criticism over environmental and ethical concerns, particularly as sustainability awareness grows among Indian consumers.

Still, Zudio is not trying to become the next Zara or H&M. By focusing on value, speed, and local relevance, Tata's Made-in-India brand has built a rare retail success one that grows rapidly without shouting.

The real test now is whether this quiet dominance can sustain itself as India's next billion consumers come fully into their own.

Source: obnews.com – Jan 05, 2026

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Cotton yarn prices in North India rise as raw cotton prices increase

North India's cotton yarn hubs are witnessing a decisive pricing shift as spinning mills struggle to absorb a 3 per cent M-o-M rise in raw cotton costs.

In Ludhiana, mills have implemented price hikes of approximately Rs 2–Rs 5 per kg to maintain viability, though downstream demand from garment manufacturers remains cautious. While the benchmark 30-count combed yarn has seen firmer asking rates, the Delhi market remains largely static, reflecting a disconnect between surging input costs and sluggish retail offtake.

Production realities and margin compression

The domestic spinning sector is grappling with a projected 1.7 per cent decline in cotton output for the 2026 season, which is expected to reach a decadal low of 29.2 million bales.

Spinning margins are currently under significant pressure as the cost-to-yarn spread narrows to approximately Rs 96–Rs 100 per kg, notes a senior analyst at ICRA.

Despite these headwinds, larger mills are prioritizing export markets to China and Bangladesh to offset weak local demand, which has been dampened by recent 50 per cent US tariff impositions on Indian apparel exports.

Panipat's recycled ecosystem and oversupply hurdles

Global hub for circular textiles, Panipat presents a polarized landscape. While recycled cotton yarn prices have firmed due to the scarcity of textile waste imports from Bangladesh, the recycled Polyester-Cotton (PC) segment is battling chronic oversupply.

Analysts observe, that high-tech recycled fibers are gaining traction in the home textiles sector, yet the abundance of coarse-count PC yarn has prevented price parity with virgin cotton.

The sector's future increasingly hinges on 'digital passports' for fiber tracking, ensuring that Panipat's Rs 60,000 crore turnover can withstand evolving global sustainability mandates.

Ludhiana and Panipat serve as India's primary centers for knitwear and recycled home textiles, respectively. These markets specialize in high-volume cotton spinning and sustainable PC blends for global retail chains.

With a 2026 growth strategy focused on automated spinning and circular fashion, the region is adapting to a 1.7 per cent domestic cotton shortfall through increased U.S. imports.

Source: fashionatingworld.com – Jan 06, 2026

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