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## INTERNATIONAL NEWS

### **China's Economy is Expected to Grow 4.8% in 2026 Amid Surging Exports**

China's economy is projected by Goldman Sachs Research to grow faster than consensus estimates this year as exports increase and the economic drag from a declining property market lessens.

Real inflation-adjusted GDP is forecast to grow by 4.8% in 2026. That's down from an estimated 5% last year but is still somewhat above economists' consensus of 4.5% for 2026.

The Chinese economy has changed significantly in recent years amid trade wars and a prolonged property downturn, writes Hui Shan, Goldman Sachs Research's chief China economist, in the team's report dated January 5. Both China's share of US imports and its new property starts (a measure of new residential construction projects) fell last year to levels last seen in the early 2000s.

In light of these shifts, policymakers face the challenge of finding new sources of growth in the coming years, Shan writes.

"Although Chinese exporters have successfully diversified into non-US markets, supporting our positive outlook for Chinese exports, building a consumption- and services-driven economy will take years, if not decades," she adds.

What's the outlook for China's economy?

Goldman Sachs Research's above-consensus forecast for Chinese economic growth is consistent with its above-consensus projections for monetary and fiscal policy easing, inflation, and exports. Our economists anticipate slightly more policy easing in 2026 than the market expects as well as a widening in government borrowing as measured by the augmented fiscal deficit. Similarly, Goldman Sachs Research's forecast for producer price inflation of -0.7% is modestly higher than the consensus expectation of -1.0%. China has been experiencing deflation in its producer price index (PPI) for more than three years, prompting the government to roll out a series of "anti-involution" policies designed to curb price competition among manufacturers.

The team expects year-over-year PPI to turn positive in early 2027. Meanwhile, they estimate headline consumer price inflation will largely remain below 1% this year despite a temporary boost from the sharp rise in gold prices and a consumer trade-in program offering government subsidies for replacing old goods. Shan writes that the team's most distinctive out-of-consensus view concerns China's current account surplus—mainly reflecting the difference between money taken in through exports and money spent on imports. Goldman Sachs Research expects the surplus to rise to 4.2% of GDP in 2026 from 3.6% in 2025, while the consensus of economists surveyed by Bloomberg is for a decline to 2.5% of GDP.

China's exports were resilient in 2025 despite higher US tariffs, with real inflation-adjusted growth in exports on track to reach around 8% for the full year. That's partly due to a robust increase in exports to emerging market economies. Meanwhile, falling export prices are making Chinese products increasingly competitive. The expected resilience of Chinese exports this year is linked to three factors, according to Shan: the rapid expansion of exports to emerging market economies, limited ability for other countries to impose significant trade barriers against China in the face of its dominance in critical minerals, and the potential for greater growth in high-tech exports.

Goldman Sachs Research expects price inflation for Chinese exports in US dollar terms to turn positive in 2026, rising to 0.7% from -2.7% last year. This reflects deflation in producer prices moderating gradually and the Chinese yuan appreciating slightly against the US dollar.

Can policymakers increase Chinese consumption and employment?

The Chinese labor market has been weak over the past few years. A weighted average of employment sub-indexes of various purchasing managers' indexes indicates that hiring has been at its most depressed level over the past decade (outside of Covid lockdowns), and Goldman Sachs Research's wage tracker suggests that year-over-year growth of urban nominal wages slowed to only 3.8% in the third quarter of 2025.

The team anticipates targeted government policies to help alleviate labor market pressures and support income growth in 2026. Potential measures include subsidizing services and offline businesses that are more labor-intensive, raising the minimum wage, reducing social security

contributions for low-wage workers and flexible workers, and expanding unemployment insurance coverage and benefits.

But China's labor market weakness will still be difficult to tackle due to structural headwinds (high-tech manufacturing is not labor-intensive, and new technologies can displace workers) and cyclical challenges (like the property downturn), Shan writes. A weak labor market has also constrained the ability of households to spend, while a continued decline in house prices has negatively impacted consumer confidence.

Although Goldman Sachs Research expects the year-over-year growth of household real consumption to moderate in 2026, the team forecasts government consumption will accelerate. The opposing forces are expected to result in a flat contribution to headline GDP growth from consumption.

Has China's property market stabilized?

China's property sector is in its fifth year of decline. Most property activity indicators—such as new home starts, sales, and property investment—are down 50%-80% from their 2020-2021 peaks.

There is no sign of the property market reaching a bottom yet. Housing inventory remains elevated, and some large developers still face challenging funding conditions. With the effects of fewer new residential housing projects still feeding through to property construction and investment, Shan writes, there appears to be no "quick fix" for the property sector.

If China follows the typical timeline of housing busts around the world, there might be another 10% drop in home prices ahead, and real prices may not bottom out nationwide until 2027, the team cautions.

Goldman Sachs Research expects the property sector to remain a drag on the Chinese economy in the coming years, but it projects that the size of that drag on annual real GDP growth—around 2 percentage points in both 2024 and 2025—will narrow by 0.5 percentage points per year over the next few years.

Source: goldmansachs.com– Jan 08, 2026

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## **EU steps up customs checks on e-commerce imports**

The European Union has tightened controls on e-commerce imports after findings showed that most small parcels shipped directly to consumers fail to meet EU safety and product standards, placing customs authorities on the front line. The surge in cross-border online shopping has sharply increased pressure on border controls, with billions of low-value consignments entering the bloc each year.

Since 2022, the volume of small packages sent into the EU has doubled annually. In 2024 alone, 4.6 billion parcels entered the market, while July 2025 volumes were still 36 per cent higher year on year. Nearly 180 such consignments now arrive every second, overwhelming traditional customs control methods.

An EU-wide customs control operation, conducted with market surveillance authorities under a priority control area, exposed widespread non-compliance. Laboratory testing found 84 per cent of sampled items to be dangerous, underlining growing consumer safety risks.

Although customs stopped and refused more non-compliant goods in 2024, averaging 13 items per million products released, the pace of enforcement lags behind import growth. In 2025, small consignments accounted for 97 per cent of all shipments, limiting effective screening, the European Commission said in a release.

To restore a level playing field and strengthen safety, Member States agreed to end the duty-free exemption for parcels below €150 (~\$175.14). A flat €3 customs duty per item will apply from July 01, 2026. Under the EU Customs Reform, online platforms and sellers will become official importers, shifting responsibility away from consumers and carriers and ensuring taxes, duties and product compliance are enforced at source.

Source: fibre2fashion.com– Jan 08, 2026

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## **UK retail sales slide in Dec as Christmas fails to lift demand: BDO**

UK retail sales across discretionary spend categories fell by 1.4 per cent year on year (YoY) in December, marking the weakest monthly performance since November 2024, according to BDO's latest High Street Sales Tracker. This reflected subdued consumer demand during the crucial Christmas trading period.

High street stores recorded a 0.5 per cent decline in sales compared with the same month last year, while online sales slipped by 0.6 per cent, indicating broad-based weakness across channels, BDO said in a press release.

The poor outcome this month continued due to disappointing performances in October and November, resulting in a significantly weaker 'Golden Quarter' for retailers compared with the previous year. Despite expectations that festive spending would recover earlier losses, sales volumes continued to contract.

"After a challenging year, retailers were very much hoping for a strong end to 2025. Instead, we've seen a downward trend since early in the year and the worst monthly performance since November 2024," said Sophie Michael, head of retail and wholesale at BDO.

Looking ahead, BDO warned that retailers face mounting pressures in 2026, including excess stock levels and limited scope for heavy discounting without eroding already tight margins. Rising cost bases announced in previous budgets are also expected to constrain investment in new product lines.

While the outlook remains challenging, BDO noted that the sector has historically shown resilience, with retailers continuing to adapt in order to attract cautious consumers in the year ahead.

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## **Turkiye ends duty-free limit for goods bought online from abroad**

Turkiye has terminated a €30 (~\$35) duty-free allowance for non-commercial goods purchased from abroad via mail or express cargo, according to a Presidential decree.

The new rule will take effect in 30 days, the official gazette said, adding that duty-free imports will now only apply to medicines and dietary supplements valued at up to €1,500.

The threshold had been lowered to €27 per order in 2024, with an additional €3 shipping fee.

Goods shipped to Türkiye that are not considered commercial are subject to taxes of 30 per cent for European Union (EU)-origin products and 60 per cent for others, while certain items also incur a 20-per cent tax.

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## **China's land-sea trade corridor rail volumes surge 47.6% in 2025**

China's New International Land-Sea Trade Corridor posted a record performance in 2025, with rail freight volumes climbing to 1.425 million twenty-foot equivalent units (TEU), a rise of 47.6 per cent year on year (YoY), according to China Railway Nanning Group. The milestone marked the first time annual throughput crossed the one-million-TEU threshold.

Cargo flows remained balanced, with 7,01,000 TEUs moving from western provinces including Sichuan, Chongqing and Yunnan to southern gateways such as Beibu Gulf and Zhanjiang ports, up 40.4 per cent. Shipments from coastal ports to inland western regions reached 7,24,000 TEUs, registering a stronger 55.3 per cent increase, said Chinese media reports.

The operational upgrades supported the growth. The approved catalogue of containerised cargo was expanded to more than 11,000 items, covering almost all container-suitable goods, while scheduled train services increased to 44 routes, 21 more than at the end of 2024.

The corridor is now fully integrated with the China-Europe Railway Express and China-Central Asia freight services, enabling regular international routes for general cargo. Linking the Silk Road Economic Belt with the 21st Century Maritime Silk Road, the network has become a key logistics artery connecting inland China with ASEAN and global markets since its pilot launch in 2017.

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## **What the Denim Supply Chain Is Investing in 2026**

While sustainability has traditionally been a key driver of innovation in the denim industry, companies in 2026 are increasingly moving beyond production and product design to embrace data collection and AI.

Artificial intelligence has been a buzzword in the denim sector for several seasons. Vivian Wang, CEO of Kingpins Show, anticipates more companies in the denim supply chain to apply it to different aspects of their business in 2026.

“Many of our exhibitors have experimented with AI in one way or another, from design assistance and tracking market trends to raw materials and sourcing modeling and assortment planning,” Wang said. “It is all very interesting, but I think we are still in the early, exploratory stage to see how AI will best fit in the denim supply chain.”

Investments in end-to-end digital supply chain traceability and data management to track a garment from seed to store are critical for conducting business in 2026 and beyond, according to Lizzie Kroeze, AGI’s director of product development and marketing for Europe.

On the one hand the technologies ensure compliance with upcoming legislation for brand partners and provide evidence needed to back up sustainability claims, which in turn builds consumer trust, she said. On the other, it also allows brands and manufacturers to mitigate some of the other predicted supply chain bottlenecks such as streamlining customs clearance to avoid delays.

“I think the single biggest opportunity we should capitalize on this coming year is to leverage data traceability and digital transparency to gain a competitive advantage. Rather than viewing the new ESG requirements as compliance burdens, brands and manufacturers alike can use this to build trust and loyalty with their customers and to justify premium pricing,” Kroeze said. “Data shows that consumers are increasingly willing to spend more on ethically made and sustainable products and offering full product traceability is one way to set denim assortments apart from the rest.”

AGI has been preparing for these new data requirements for several years by building an internal data infrastructure and investing in strong partnerships and long-term contracts with partners so it can more

proactively and efficiently mitigate any challenges that come our way. “By working closely with all industry stakeholders, we can plan and invest strategically to ensure minimal impact from raw material scarcity, logistical challenges, and trade route disruptions,” Kroeze said.

In sustainability, there is no one-size-fits-all solution to invest in.

“I would prioritize end-to-end traceability combined with low-impact processing solutions—focusing on reducing water, energy, and chemical use,” said Onur Duru, general manager of Bossa. The exec added that competitive advantage will come from the ability to credibly prove performance and environmental impact, while simultaneously reducing operational risk and strengthening customer confidence.

Ibrahim Ethem Buyukpepe, Calik Denim’s acting general manager, said the Turkish mill sees challenges like raw material consistency, water and energy efficiency and regulatory compliance as a pivotal moment to accelerate innovation and to invest further in alternative materials, process innovation and smart manufacturing. The goal is to turn potential constraints into competitive advantages.

“Our strategic investment focus remains on material innovation combined with process sustainability,” he said. “This includes developing next-generation fibers, biodegradable and low-impact denim solutions, as well as scaling technologies that significantly reduce water, chemical use and carbon footprint—without compromising performance or aesthetics. These investments future-proof both our business and our customers.”

Tejidos Royo anticipates unpredictable raw material prices—especially cotton and sustainable fibers—to be a key challenge this year.

“Volatility in raw materials, combined with stricter ESG regulations, will put pressure on margins and require greater investment in sustainable alternatives. That’s why we are modernizing our mills and focusing on recycled fabrics to stay ahead of regulatory changes and market expectations,” said Cristina Cerdeira, Tejidos Royo’s marketing manager. In 2025, the family-owned Valencian textile company announced it was relocating two of its factories in Picassent to Alcudia de Crespins and upgrading its industrial infrastructure. The 13 million euro investment includes renovating and building new industrial facilities for weaving, dyeing and finishing.

Investments in textile recycling is one way to regain some control. The Spanish mill is already investing in recycled fabrics—a move not just driven consumer awareness but also by upcoming European regulations set to take effect by 2030. “Companies that move early will have a clear competitive advantage,” she said.

Beyond recycled fabrics, which Cerdeira said will soon become standard, she said the industry should focus on offering added value.

“There is too much denim that lacks differentiation,” she said. “We are working on technical denim that provides extra protection for users—such as flame-resistant and cut-resistant fabrics for undercover police or workers who need comfort and safety. Even for urban consumers, we can offer denim that ensures protection in case of falls. This is the future: combining style with functionality.”

Source: [sourcingjournal.com](https://sourcingjournal.com)– Jan 08, 2026

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## **Why the U.S.-Cambodia Tariff Deal Matters for Cambodian Workers**

The recent U.S. and Cambodia tariff agreement was celebrated as a diplomatic win and a sign of renewed engagement. But behind the fanfare lies a harder truth: without enforceable labor protections, this deal risks entrenching exploitation rather than alleviating it. Cambodian workers who power the country's export economy remain exposed to unsafe working conditions, poverty wages and systematic union suppression. If the United States hopes to champion democratic values through trade, it must pair market access with accountability.

For decades, labor rights formed an integral strand of U.S. foreign policy in both principle and strategy. Through development programs and labor rights initiatives, the U.S. helped advance freedom of association, strengthen independent unions, and deter the worst abuses in global supply chains. These efforts served as a soft-power hedge against authoritarianism, making clear that economic ties should also elevate human dignity. Yet the rollback and fragmentation of such programs has left a vacuum that repressive actors are eager to fill. When monitoring wanes and enforcement fades, workers pay the price first in wages and safety, then in silenced voices and must choose between an empty stomach and their rights.

Cambodia illustrates this decline vividly. Union leaders are harassed and arrested, workplaces remain perilous, and bargaining is undermined by intimidation and retaliation. Garment workers, many of them women supporting families on the margins, are forced to choose between keeping their jobs and asserting basic rights. Freedom of assembly and association has deteriorated, while independent civil society confronts shrinking space to operate. In this context, a tariff deal without guardrails is more than a missed opportunity, it is a signal that labor rights can be sidelined to keep trade flowing.

Labor experts and supporters point to a framework agreement accompanying the tariff announcement, but the framework is only as meaningful as its enforcement. Without binding commitments, measurable benchmarks, and penalties for noncompliance, "frameworks" are hollow vessels. And without structured engagement with independent unions, worker rights organizations, and civil society, any reporting or review risks becoming performative rather than protective. Cambodia's

track record shows that progress on labor rights rarely arrives through goodwill alone; it follows from consistent external pressure and credible consequences. The question is not whether the government can uphold international labor standards it is whether the incentive structure makes it worth doing so.

Trade policy should reflect democratic values, not dilute them. That requires reinstating robust labor rights programs with the authority to monitor, investigate and enforce. It means tying tariff benefits to clear, public benchmarks on freedom of association, collective bargaining, anti-union discrimination, occupational safety and health, and grievance remediation. It also means creating transparent channels for workers and civil society to report abuses without fear of retaliation, and ensuring those reports trigger timely, independent review. Promises are not enough; workers need mechanisms that translate rights on paper into protections in practice.

Critics may argue that strict labor conditions jeopardize economic growth or drive production elsewhere. But durable growth depends on stable institutions, fair wages and safe workplaces. When workers can organize and negotiate, productivity improves, compliance increases, and supply chains become more resilient. Conversely, tolerating repression breeds volatility: strikes escalate, reputational risks multiply, and social tensions deepen. Ultimately, the choice is not between prosperity and rights; it is between short-term gains and sustainable development.

Failing to act sets a dangerous precedent. It tells the world that labor rights are optional and undermines U.S. credibility on human rights. It emboldens authoritarian regimes that treat civic freedoms as negotiable and workers as expendable. The U.S. cannot afford this inconsistency. If it wants trade to be a tool for democratic renewal, it must insist that tariff benefits be earned and kept through measurable respect for human dignity.

The path forward is clear. Pair market access with accountability. Restore independent monitoring and enforcement. Bring workers and civil society to the decision-making table. Publish benchmarks, timelines, and consequences. And make it unmistakable: labor rights are non-negotiable. Cambodian workers do not need symbolic gestures; they need enforceable guarantees and a voice in shaping their future. With principled policy and practical safeguards, trade can be a lever for dignity, not a license to exploit. The U.S. and Cambodia tariff deal can still become a model if the

United States leads by example and demands action, not assurances. It is not too late to do what should have been done from the start: align trade with rights, and ensure that the people who make Cambodia's export economy possible are protected, respected, and heard.

Source: sourcingjournal.com– Jan 08, 2026

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## **Sri Lankan garment manufacturers get unprecedented access to UK market**

Sri Lankan garment manufacturers secured unprecedented access to the UK market under liberalised trade rules beginning January 1, according to the British High Commission in Colombo.

They are now allowed to source up to cent per cent of inputs from any country while maintaining tariff-free access to the United Kingdom.

Hence, there are fewer processing requirements now, removing the previous rule that two significant manufacturing processes must take place in Sri Lanka, a statement by the High Commission said.

The liberalised rules also include the creation of an Asia Regional Cumulation Group of 18 countries applicable to all other exports from Sri Lanka.

“By simplifying rules of origin, we are supporting Sri Lanka’s economic growth by improving market access to the UK and helping to further diversify exports,” the British High Commissioner to Sri Lanka Andrew Patrick said.

“We recognise Sri Lankan government’s ambition for export growth and continue to advocate for improved utilisation of the scheme,” he said.

Sri Lanka’s Joint Apparel Association Forum (JAAF) welcomed the decision.

The United Kingdom is now Sri Lanka’s second-largest garment export market, valued at nearly \$675 million.

Source: fibre2fashion.com– Jan 08, 2026

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## **Vietnam registers 5.6 % growth in textile and garment exports to \$46 billion in 2025**

Vietnam's textile and garment industry concluded 2025 with an export turnover of approximately \$46 billion, marking a 5.6 per cent Y-o-Y increase. While this performance solidifies the nation's status as the world's third-largest exporter - trailing only China and Bangladesh - the final figures fell slightly short of the initial \$48 billion industry target.

This marginal shortfall is attributed to significant international policy transitions and a regime of aggressive US tariffs that disrupted seasonal order flows.

Despite these macro-volatilities, the sector maintained a robust trade surplus of \$21 billion, reaffirming its position as a primary pillar of the national trade balance.

### **Divergent trends in yarn and apparel**

A notable trend in the 2025 data is the divergence between finished goods and raw materials. Apparel shipments dominated earnings, contributing roughly \$38 billion to the total. Conversely, the yarn segment faced intense downward pressure; while export volumes rose, the total value of yarn exports declined.

This 'volume-value gap' reflects a surplus of supply in regional spinning markets and stiff price competition from China and India. The current landscape forces us to shift from a high-volume model to value-driven manufacturing, stated Truong Van Cam, General Secretary, Vietnam Textile and Apparel Association (VITAS). This shift is evident in the 2026 outlook, where many enterprises have secured orders through Q1 by focusing on higher-margin, specialized technical textiles.

### **Strategic sourcing and the green transition**

The industry is proactively preparing for a high-output 2026, evidenced by a sharp year-end increase in cotton and yarn imports. With a domestic localization rate now reaching 52 per cent, manufacturers are still importing nearly 70 per cent of high-grade raw materials to meet stringent rules of origin required by the EVFTA and CPTPP.

Opportunities in the coming year are concentrated in ‘green’ manufacturing. To retain Tier-I global clients, Vietnamese firms are investing heavily in water-recycling systems and solar-powered facilities.

As 2026 begins, the sector is increasingly moving toward a ‘multi-pillar’ model, diversifying into technical sportswear and medical textiles to hedge against concentrated market risks in the US and EU.

Source: fashionatingworld.com– Jan 08, 2026

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## **Japan's Fast Retailing posts 14.8% YoY growth as Q1 revenue**

Japanese retail holding company Fast Retailing Co, Ltd has reported consolidated revenue of ¥1.03 trillion (~\$6.58 billion) in the first quarter (Q1) ended November 30, 2025, marking a 14.8 per cent year-on-year (YoY) increase. The strong performance reflected accelerating sales momentum across markets and improved operating leverage.

The business profit rose sharply by 31 per cent to ¥205,647 million, supported by stronger gross margins and disciplined cost management. Operating profit increased 33.9 per cent to ¥210,914 million, while profit before income taxes climbed 15.3 per cent to ¥226,667 million.

The net profit for the period reached ¥158,513 million, up 13 per cent YoY, with profit attributable to owners of the parent rising 11.7 per cent to ¥147,445 million. Total comprehensive income surged 49.6 per cent to ¥345,651 million, aided by favourable currency movements. Basic earnings per share (EPS) rose to ¥480.55, Fast Retailing said in a press release.

The group's gross profit margin expanded by 0.7 percentage points YoY to 55.2 per cent, while the selling, general and administrative expense ratio improved by 1.7 points to 35.2 per cent, reflecting stronger operating efficiency. Finance income net of costs totalled ¥15.7 billion, driven by net interest income and foreign exchange gains.

Region-wise, Mainland China recorded higher revenue and double-digit profit growth, supported by colder weather, effective marketing and a collaboration with JD.com that attracted new customers. Hong Kong posted gains on strong fall-winter sales, while Taiwan reported higher revenue but lower reported profit due to increased royalty expenses; excluding this factor, profits rose YoY.

South Korea, Southeast Asia, India and Australia all delivered double-digit growth in both revenue and profit, supported by strong sales of core winter products and new autumn collections. North America and Europe also achieved double-digit growth, aided by successful new store openings and increased brand visibility, particularly in major European cities.

Uniqlo Japan reported revenue growth of 12.2 per cent to ¥299 billion and a 20.2 per cent rise in business profit to ¥62.4 billion. Same-store sales, including e-commerce, increased 11 per cent YoY, driven by strong demand for autumn and winter products such as sweatshirts, jeans, Heattech innerwear and Pufftech, alongside robust Thank You Festival sales. While gross margin edged down due to higher procurement costs linked to yen weakness, improved sales efficiency reduced personnel and rental cost ratios.

Uniqlo International remained the group's key growth engine, with revenue rising 20.3 per cent to ¥603.8 billion and business profit surging 38.0 per cent to ¥117.3 billion. The business profit margin improved by 2.4 percentage points, reflecting stronger gross margins and tighter expense control across regions.

GU recorded revenue of ¥91.3 billion, up 0.8 per cent YoY, while business profit increased 20.0 per cent to ¥11.4 billion. Although same-store sales edged slightly lower due to softer mass-fashion trends, profitability improved on better assortment focus, inventory efficiency and discount control.

The global brands segment reported revenue of ¥33 billion, down 7.6 per cent YoY, and business profit of ¥1.7 billion, down 14.8 per cent. Theory underperformed, particularly in the United States, while PLST delivered higher revenue and profit following improved product marketing. Ongoing restructuring at Comptoir des Cotonniers and Princesse tam.tam reduced store numbers but improved cost efficiency and narrowed losses.

Fast Retailing strengthened its LifeWear sustainability strategy during the quarter, raising its supply chain greenhouse gas reduction target to 30 per cent by fiscal 2030, from 20 per cent previously. Planned measures include reducing coal usage in the supply chain by around 90 per cent compared with fiscal 2019 levels and converting more than 70 per cent of energy consumption to renewable sources, added the release.

Source: fibre2fashion.com– Jan 08, 2026

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## **Vietnam's GDP growth beats forecasts despite US tariff pressure**

Vietnam's economy has expanded by 8.5 per cent year on year in the fourth quarter of 2025, outperforming expectations and lifting full-year GDP growth to 8 per cent, according to analysis by BMI, a Fitch Solutions company. Despite falling short of the government's 8.4 per cent target, the result exceeded BMI's earlier 7.4 per cent forecast.

International trade was the key growth driver. Exports and imports surged 16.3 per cent and 17.1 per cent respectively in 2025, a notable rebound despite Vietnamese shipments to the US facing 20 per cent tariffs imposed under President Donald Trump. Manufacturing and construction together contributed around 3.5 percentage points to overall growth, helped by strong real estate activity and robust goods production.

Looking ahead, BMI now expects GDP growth of about 7.2 per cent in 2026, revising up its earlier 7 per cent estimate. Investment growth between 2023 and 2025 has nearly doubled, expanding productive capacity, BMI said in a release.

In parallel, general secretary To Lam has approved reforms aimed at liberalising the private sector, including preferential credit for small and medium enterprises and enhanced tax deductions for research and development.

While growth is unlikely to reach the government's longer-term 10 per cent ambition during 2026-2031, faster reform implementation could lift near-term output. However, risks remain balanced. A sharp property market correction or a potential increase in US tariffs to 40 per cent, if Vietnam is accused of trans-shipping Chinese goods, could weigh heavily on growth.

Source: fibre2fashion.com– Jan 09, 2026

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## **Bangladesh: Talks on extra duty on yarn imports end without consensus**

The garment exporters, textile millers and senior officials of the Bangladesh Trade and Tariff Commission (BTTC) could not reach a consensus on a proposal to impose a 20 percent safeguard duty on yarn imports, pushing the issue to the commerce ministry for a final decision.

At a meeting held at the BTTC office in Dhaka yesterday, leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) and Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) opposed the extra duty proposal by local spinners.

The apparel makers and knitwear manufacturers said it would increase production costs and hurt the global competitiveness of local garment items.

During the meeting, chaired by BTTC Chairman Md Abdul Gafur, three alternatives were discussed. Those are imposing a 20 percent safeguard duty on yarn imports, providing a 5 percent incentive to garment exporters for using locally spun yarn, or withdrawing the bonded warehouse facility for importing 20 to 30 count yarn, which local mills say they can adequately supply.

On condition of anonymity, a businessman present at the meeting said BGMEA and BKMEA leaders agreed only to the incentive option and rejected the other two proposals.

They argued that a safeguard duty would raise yarn prices, while withdrawal of the bond facility would disrupt exporters' operations and lead to loss of business.

The businessman said a segment of the Bangladesh Textile Mills Association (BTMA) leaders also agreed to the 5 percent incentive proposal. As no consensus could be reached among the stakeholders, the issue will now be sent to the commerce ministry for a decision.

A spinner present at the meeting said many importers misuse the bonded facility by selling imported yarn in the local market illegally, which he said was damaging domestic producers.



He said the domestic yarn market for fabric and garment production is worth around \$12 billion and is mainly supplied by local spinners. However, around \$5 billion worth of locally produced yarn remained unsold last year as demand was met through imported yarn.

Meanwhile, a knitwear exporter said sales of yarn from local textile mills had declined to some extent, but this was not due to yarn imports.

He claimed yarn imports declined during July-December last year compared with the same period a year earlier.

According to him, the fall in yarn sales was due mainly to a slowdown in garment exports over the past few months. “When overall garment exports fall, yarn consumption also falls,” he said.

Some businessmen present at the meeting said the government may consider imposing a 10 percent safeguard duty as a compromise.

The BTMA had earlier urged the government to impose a 20 percent safeguard duty on imports of 20 to 30 count yarn to protect the country’s \$23 billion primary textile sector. Local spinners say the measure is necessary to protect the domestic industry from unfair competition.

In the last week of December, BTMA leaders accused India of dumping cheap yarn in Bangladesh and said local mills were sitting on unsold stock worth Tk 12,000 crore.

According to the spinners, Bangladesh imported \$2 billion worth of yarn from India in fiscal year 2025-26, with local mills consuming around 1,600 tonnes daily. From April to October 2025, imports stood at \$950 million.

They also said Bangladesh has become the largest destination for Indian yarn exports, accounting for 44 percent of the total, followed by Cambodia at 21 percent.

Source: thedailystar.net– Jan 09, 2026

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## **Manufacturing stays resilient as Bangladesh PMI improves**

Bangladesh's purchasing managers' index (PMI) rose slightly by 0.2 points month on month (MoM) last December to 54, signalling a faster pace of economic expansion, driven primarily by growth in agriculture, manufacturing and services.

The agriculture sector recorded its fourth consecutive month of expansion, accelerating further in December.

The manufacturing sector remained in expansion for the 16th straight month, though growth slowed slightly compared to November. Expansion was recorded across most key indicators, including new orders, new export orders, factory output, input purchases, imports, input prices, employment and supplier deliveries.

The finished goods index returned to expansion, while order backlogs continued to contract, albeit at a slower rate.

In contrast, the construction sector reverted to marginal contraction in December.

Many respondents expressed expectations of gradual improvement from early this year, domestic media outlets reported.

The PMI report was jointly released by the Metropolitan Chamber of Commerce and Industry, Dhaka, and Policy Exchange Bangladesh.

Source: fibre2fashion.com– Jan 09, 2026

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## **Bangladesh: Uneasy recovery: strong reserves, weak exports**

For Bangladesh's economy, the year 2025 closed not with a definitive verdict, but with a mixed bag that has left economists in more than the usual anxiety. On one side of the ledger, the news was almost jubilant: remittances surged to an all-time high of \$32.8 billion. The foreign-exchange reserves, which were over \$21 billion a year ago, have staged a reassuring recovery. As the new year dawned, readily usable reserves stood at \$28.5 billion, enough to cover five months of import bills. This is a cushion comfortably above the International Monetary Fund's three-month threshold, a statistic that, in simpler times, might have been cause for a victory lap.

While some indicators are brightening, the factory floors are telling a gloomier story. Exports that have driven Bangladesh's economic growth for decades stumbled in the final months of 2025. The downturn exposes a structural fragility that has long worried economists: the country's overwhelming reliance on the readymade garment industry. Garment exports managed only a tepid one percent year-on-year increase, bringing in \$38.82 billion. This stagnation in the primary sector was compounded by a collapse in others; shipments of frozen fish, agricultural products, and various manufactured items all fell, dragging the overall export figures down with them.

"Falling exports are deeply concerning and point to a structural weakness that remittances alone cannot offset", said Mohammad Abdur Razzaque, chairman of Research and Policy Integration for Development, a research organisation, cautioning that the pressure on the export sector is unlikely to lift anytime soon, reflecting both cyclical and longer-term challenges in global trade.

The causes of this malaise are both external and domestic. The external world is no longer the reliable partner it once was.

"There is no credible signal that the global trading environment will turn supportive any time soon. It remains unfavourable, fragmented, and highly unpredictable," Razzaque added.

"There is no indication that the global trading environment will improve. It remains unfavourable and unpredictable," Razzaque added. The

shifting tectonic plates of international commerce -- specifically the impact of increased US reciprocal tariffs, the opacity of American trade policy, and an increasingly complex geopolitical landscape are reshaping trade flows and investment decisions, with adverse implications for export-dependent economies such as Bangladesh.

In the United States, a newly protectionist mood has taken a heavy toll on the global economy. Following the imposition of an additional 20 percent tariff, prices for Bangladeshi apparel rose, and American demand predictably softened. Closer to home, a logistical severing occurred last year when India removed transshipment benefits for Bangladesh's exports to third countries. The result was an immediate increase in lead times and delayed deliveries, prompting unsentimental foreign buyers to shift their orders to alternative suppliers.

Razzaque also points to specific unknowns that complicate the calculus for Dhaka, particularly regarding its neighbours.

"We do not know how US tariff policy towards India or for any other country will evolve, and that uncertainty matters for Bangladesh's competitive position in key markets," he said.

"Taken together, these unresolved policy issues and extremely volatile global geopolitical landscape suggest a period of heightened uncertainty in the global trading system, an assessment widely shared by economists working on applied international trade and development."

Domestic headwinds have been equally fierce. Political uncertainty, coupled with interest-rate hikes designed to curb inflation, has driven up the cost of doing business, eroding price competitiveness.

This is concerning, even though the economy had, until recently, shown genuine signs of recovery. Imports, after two years of contraction, had finally rebounded in 2025, posting a 2 percent increase -- usually a signal of industrial vitality. Private investment, too, seemed to be waking from its hibernation; in November, credit flow to the private sector ticked up to 6.58 percent, from 6.23 percent just a month prior.

This modest progress towards economic stabilisation has come at a steep cost: slow growth, stagnant investment, rising unemployment, and declining real wages. The economy has been suffering from a slowdown for the fourth year running. If the export downturn persists, it will undo the gains of the last few months.

The business community is currently in a state of suspended animation, waiting for the national election scheduled for next month. The hope is that the polls will usher in a democratic transition, restoring policy predictability and unleashing what some are calling an investment frenzy. There is also the seasonal promise of the coming months: Ramadan and Eid-ul-Fitr are expected to stoke consumer demand.

A political transition is viewed not merely as a democratic formality but as an economic necessity.

“A credible political transition is indispensable. The incoming government will inherit formidable challenges in dismantling long-standing bottlenecks that constrain export growth, while simultaneously safeguarding external competitiveness at a time of weakening demand and rising costs,” said Razzaque, noting the amplification of pressure for the country’s graduation from the least developed country category and looming loss of preferential trade treatments that have long shielded the economy.

Ashikur Rahman, the principal economist at the Policy Research Institute of Bangladesh, suggests that the era of predictable stability is over. “Internal political uncertainty, institutional stress, and governance challenges will continue shaping macroeconomic management,” he said. In his view, the economic policymaking of 2026 cannot rely on old assumptions. Instead, he offered a metaphor that captures the anxious alertness of the moment. “In many ways, we must behave like a deer in a forest,” Rahman said. The nation must be “always alert, always conscious of the environment, attuned to early warning signals and crisis-time economic playbooks.”

In this new world, where the stable ground of today can become the chaotic sinkhole of tomorrow, survival will depend on “vigilance, adaptability, discipline, and readiness to act decisively”.

Source: thedailystar.net– Jan 09, 2026

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## **NATIONAL NEWS**

### **Press Release: Ministry of Textiles**

- Ministry of Textiles Announces "District-Led Textiles Transformation (DLTT)" Plan to Create Global Export Champions
- North Eastern Region Conclave :Ministry of Textiles Reviews Progress and Charts Roadmap for Accelerating Textile Growth in North-Eastern States
- Textiles Committee and NEHHDC signs MoU on Intellectual Property Rights (IPR) protection through GI registration & Post-GI initiatives.
- National Textiles Ministers' Conference begins in Guwahati
- Ministry of Textiles Signs MoUs with 15 States to Strengthen Data Systems and Integrated Planning under Tex-RAMPS Scheme

Source: pib.gov.in– Jan 08, 2026

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## **Trump's nod to Bill threatening 500% tariff on India, China spooks markets**

US Senator Lindsey Graham's declaration that President Donald Trump has "greenlit" a Russia Sanctions Bill, which threatens 500 per cent tariffs on countries buying Russian energy, including India, China, and Brazil, spooked markets on Thursday, sending benchmark indices to their steepest fall in over four months.

The Bill, which has bipartisan support and is expected to be voted in the US Congress as early as next week, dims India's hopes of clinching a trade deal with the US unless the Supreme Court strikes down Trump's tariffs. A ruling on the legality of Trump's tariffs, imposed invoking economic emergency powers, is expected on Friday.

### **Sanctions Bill**

The Russia Sanctions Bill says, "the President must increase the rate of duty on all goods and services imported into the US from countries that knowingly engage in the exchange of Russian-origin uranium and petroleum products to at least 500 per cent."

The Bill has thus far got 84 co-sponsors (of a total of 100 Senate members), and 151 co-sponsors in the US House of Representatives, suggesting it will be passed.

Lindsey, who piloted the Bill, said on X: "This Bill would give President Trump tremendous leverage against countries like China, India and Brazil to incentivise them to stop buying the cheap Russian oil..."

### **Stocks tumble**

The development spooked the markets that tumbled sharply on Thursday, with the Nifty 50 breaching the crucial 26,000 level as investor sentiment weakened following reports of Trump approving the legislation.

The benchmarks recorded their steepest fall in over four months, with the BSE Sensex closing 780.18 points or 0.92 per cent lower at 84,180.96, while the Nifty 50 shed 263.90 points or 1.01 per cent to settle at 25,876.85, marking its fourth consecutive negative close.



## Deal prospects

Simultaneously, exporters told businessline while they are still hopeful about a trade deal with the US, their biggest market, they are increasingly diversifying into new markets, leveraging existing FTA partnerships. Washington has already imposed 50 per cent tariffs on most Indian exports in August-end, of which 25 per cent is penalty for Russian oil purchase.

“Up to a point the tariffs matter. After that they don’t. Exporters are already exploring new markets. The US Supreme Court’s verdict on the tariffs will be crucial,” said Pankaj Chadha, Chairman, EEPC India.

It is not clear how the 500 per cent tariff will be levied, pointed out Ajay Srivastava from Global Trade Research Initiative. “US can levy tariffs on goods, but there is no legal mechanism to tariff services. Any escalation would likely focus on taxing US firms on payments for Indian services exports,” he said.

Source: thehindubusinessline.com– Jan 08, 2026

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## **Review of ASEAN-India trade pact expected to improve market access for companies**

The ASEAN-India trade pact, which is currently under review, is expected to improve market access for Indian companies, removing implementation challenges.

Once concluded, the trade pact is also expected to create more opportunities and unlock more value to the economies in the region, India's Ambassador to ASEAN Srinivas Gotru said on Thursday.

Speaking virtually from Jakarta at an Assocham event, organised in partnership with the Ministry of External Affairs, Gotru said, "The ASEAN-India trade agreement is currently under review. From our side, it is the Department of Commerce leading these discussions. And the idea is to make this agreement into a more trade-facilitating, balanced, and responsive to current economic realities. This is an ongoing effort, and we hope that this will conclude at the earliest from our side."

Gotru said India has been trying to impress upon the ASEAN partners to reach a conclusion. "And if that unlocks in this year, hopefully, then that will create more values and opportunities. And this will also improve market access, remove implementation challenges, and will better align our trade routes with the world," said Gotru.

In 2024-25, the trade volume between India and ASEAN was approximately \$123 billion, making ASEAN one of the country's most important economic partners. ASEAN today is one of the most economically-vibrant regions in the world, attracting about \$200 billion in annual FDI.

### Digital for inclusion

The Digital Economy Framework Agreement is also likely to be unveiled later this year.

"The Digital Economy Framework Agreement that is currently under negotiation tries to create a more integrated digital market by facilitating cross-border data flows, interoperable digital payments, common digital standards, strengthening cybersecurity cooperation, and so on. And it offers businesses lower transaction costs, more clarity on the regulatory

side, and an expanded access to the entire region,” the senior diplomat said.

India has set a benchmark for ensuring inclusive growth by focusing on technology adoption in a big way. And, this model can be emulated by the developing countries in the region, said Ajay Kumar, Joint Secretary (States), Ministry of External Affairs.

The Indian government has put in place several policies such as ‘Make in India’ programme and PLI scheme to make India a major manufacturing economy and this has enabled the country to emerge as a key manufacturing hub for mobile phones, semiconductors and automobiles, among others.

“These conscious policy efforts have started bearing results, and that’s the reason why we are the fastest growing economy. On the other side, we have been setting examples for inclusive growth. And even as we are growing very fast, we want fruits of that development to reach the poorest of poor. So, we have been using technology for inclusive growth,” Kumar added.

Source: thehindubusinessline.com– Jan 08, 2026

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## **SBI Research sees FY26 economic growth at 7.5% with upward bias**

Economic growth for FY26 is likely to exceed the government's estimates by at least 10 basis points to 7.5 per cent, said a report by SBI Research.

According to National Statistic Office (NSO), the first advance estimate (AE) of GDP (Gross Domestic Products) for FY26 pegged GDP growth at 7.4 per cent compared to 6.5 per cent. However, nominal GDP growth is estimated at 8 per cent against 9.8 per cent.

The research report by SBI said the difference between the RBI's estimate and NSO's estimate is always in the range of 20-30 bps and, hence, the 7.4 per cent estimate of FY26 is quite expected and reasonable. "We, however, believe that GDP growth for FY26 would be around 7.5 per cent with an upward bias," it said. GDP growth at 7.4 per cent is in line with our forecast of 7.4-7.6 per cent for the year, said the report.

Echoing the sentiment, Dharmakirti Joshi, Chief Economist at Crisil, said: "We do see an upside to the number. The low growth in nominal GDP accounts for subdued consumption growth, which can have an upside given the GST boost provided."

Earlier, the Economic Survey projected growth rate to be in the range of 6.3 to 6.8 per cent. However, with 7.8 per cent growth in April-June quarter (Q1) and 8.2 per cent in July-September quarter (Q2), the government indicated that growth rate could be more than 7 per cent with an upward bias. The first advance estimate now confirms this. Now, the second advance estimate, incorporating additional data and revisions, is scheduled to be released on February 27. So, these numbers are expected to change with the base revision to 2022-23.

Meanwhile, growth in the second half of the current fiscal is expected to be lower than the first two quarters. According to a research paper by HDFC Bank, the growth is estimated to be lower in H2 (at 6.9 per cent) compared to H1 (at 8 per cent) as anticipated. "This is driven by a high base effect in H2, seasonal factors and likely lower government spending growth [to meet fiscal targets] compared to H2 FY25," it said. Moreover, due to lower inflation prints, nominal growth is estimated at just 7.3 per cent in H2 FY26 versus 8.8 per cent in H1.

## Domestic demand

Amid global uncertainty, domestic demand will be key for pushing the growth rate. A note by Upasana Chachra, Chief India Economist, and Bani Gambhir, economist, Morgan Stanley, said the sustained strength in high-frequency data in the quarter ending December is encouraging, as it reinstates domestic demand carrying the growth baton for India. The combined impetus from fiscal and monetary policy support, improved purchasing power and labour market outlook will ensure consumption recovery gains more breadth.

“We anticipate a more broad-based pickup in capex as improving investor sentiment encourages private investment activity. As such, domestic demand is likely to drive growth amid continued tariff and geopolitics-related global uncertainty weighing on external demand. We expect growth at 6.5 per cent y-o-y in FY27,” it said.

Source: thehindubusinessline.com– Jan 08, 2026

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## **Textile Ministry signs MoUs with 15 States**

The Ministry of Textiles has signed Memorandum of Understanding (MoUs) with 15 States as part of the 'Textiles focused Research, Assessment, Monitoring, Planning And Start-Up (Tex-RAMPS)' scheme.

The MoUs were signed on the first day of the two-day national textile ministers' conference in Guwahati on the theme 'India's Textiles: Weaving Growth, Heritage & Innovation'. The scheme is designed to improve the coverage, quality, timeliness, and credibility of textile-related statistical products and research, according to a press release.

The MoUs will create an operational framework designed to strengthen the textile data systems across various States and Union Territories. The initiative drives integrated planning for key sectors including handlooms, handicrafts, apparel, and technical textiles by focusing efforts directly at the cluster and district levels, the release said.

The Ministry is providing financial assistance through an annual grant of ₹12 lakh to each State or Union Territory. There will be an additional grant of ₹1 lakh a year for each district, which will be distributed based on the development and execution of specific district action plans.

Union Minister for Textiles Giriraj Singh said at the inauguration of the conference that the Centre was working to harmonise production, exports, and sustainability in the textile sector.

Source: thehindu.com– Jan 08, 2026

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## **Parliamentary Standing Committee interacts with textile, apparel exporters in Coimbatore**

A Department-related Parliamentary Standing Committee on Commerce, under the chairpersonship of Dola Sen, visited Coimbatore on Thursday and interacted with representatives of various textile and apparel associations on the impact of the US tariffs.

The 12-member committee visited Visakhapatnam and Chennai on January 6 and 7 for a study on “Evaluation of India–US Trade Relations” and concluded the study with the visit to Coimbatore.

A. Sakthivel, chairman of the Apparel Export Promotion Council, highlighted the ground realities faced by the Indian apparel industry due to the high tariffs. The U.S. accounts for nearly 30% of India’s total readymade garments (RMG) exports, valued at around \$17 billion. While the industry was initially able to manage the reciprocal first of 25% tariff, the additional 25% penal tariff imposed has severely impacted exporters, he said.

The apparel exporters are currently compelled to offer substantial discounts, even as they suffer losses to retain customers. If the current tariff regime continues and no relief package is announced by the government, the apparel export sector will see job losses. Mr. Sakthivel urged the government to remove the upper cap of ₹50 lakh announced under the Interest Subvention Scheme and provide Duty Credit Scrip under the Focus Market Scheme to the extent of 20% of FoB Value of exports.

The Confederation of Indian Textile Industry, the Southern India Mills Association, and the Cotton Textiles Export Promotion Council pointed out that Vietnam, Bangladesh and Turkey have lower tariff compared with India. Thus, the landing price of a product that is valued at \$ 13 a piece (FOB value) is at least \$4 dollars higher when shipped from India compared with these three countries.

According to a survey by the CITI, 33 % respondents said the July – September turnover declined by almost 50 % compared with the first quarter of the financial year, 65 % said the government relief was inadequate, and the order books are expected to see 50 % decline.



The industry called for permanent removal of 11 % import duty on cotton, 30 % collateral free loans under the Emergency Credit Linked Guarantee Scheme and enhance the duty drawback for cotton textile products.

Source: thehindu.com– Jan 08, 2026

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## **Textile, apparel exports hit by US tariffs: Industry tells Parliament panel**

New Delhi: Textiles industry on Thursday told the Parliamentary Standing Committee on Commerce that it expects a further decline in their order books upto 50% in the January-March quarter of 2026. At a meeting in Coimbatore, the exporters highlighted loss of price competitiveness, supply chain disruptions, reduced order volumes, and market diversion by American buyers where they are exploring alternative suppliers from countries not subject to the additional tariff such as Vietnam, Bangladesh, and Pakistan.

The US imposed steep 50% tariffs on India on August 27.

Exporters attributed higher textile and apparel exports in November to front-loading of exports for the Christmas season, exporters absorbing tariff costs to retain buyers and safeguard market presence and the Indian rupee's depreciation against the US dollar which made Indian exports cheaper and more attractive to foreign buyers.

The committee is chaired by Rajya Sabha MP Dola Sen.

As per a survey by the Confederation of Indian Textile Industry (CITI), around 33% of the respondents witnessed above 50% decline in turnover in July-September, 2025 compared to April-June 2025 while 25% saw such a decline in October -December compared to July-September, 2025.

"65% of respondents opined that relief measures announced so far by the government have not been enough. Further, in the absence of any clarity on the resolution of the issue, industry is expecting a further decline in their order books upto 50% in Jan-March quarter of 2026," CITI said.

After the imposition of additional tariff (50%), India is facing competitive disadvantage compared to its competitors like Vietnam (20%), Bangladesh (20%), and Türkiye (15%) Country wise change in imports of textile and apparel by the US in 2025 compared to 2024.

"Industry reported an increase in credit period by 3 to 6 months and a rise in working capital requirement by more than 30%," it added.

About 17% respondents able to diversify and 43% planning to diversify, exploring alternate markets seemsto be a low hanging fruit. However, about 70% of such respondents so far have beenable to diversify lesser than that.

Low Base Effect from Last Year also aided exports.

Exporters said that other markets can't replace the US due to in fragmented demand and highly price sensitiveEurope and the UK while Australia and the UAE are small or niche volumes markets.

“Lost US bedding volumes cannot be offset elsewhere,” it said.

This steep level of tariff is expected to significantly disrupt India's home textile exports in items like Bed Linen of cotton(59.4% share), table linen (72.9%), toilet and kitchen linen (50.5%) on which US is heavily dependent on India.

Source: [economictimes.com](http://economictimes.com)– Jan 08, 2026

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## **Over ₹1.52 lakh cr locked in Customs disputes; govt may look at amnesty scheme in FY27 Budget**

With over ₹1.52 lakh crore of customs duty locked in litigations, the government could look at the possibility of an amnesty scheme in the Budget for 2026-27 to provide certainty to businesses, Price Waterhouse & Co said on Thursday.

Besides, the government could also look at rationalising customs duty rates by reducing the number of slabs to just 5 or 6, from the current 8-slab structure, to address the inverted duty structure in light of the free trade agreements (FTAs) that India has signed with various countries and blocs, Price Waterhouse & Co LLP, Principal, Gautam Khattar, told PTI.

Since the free trade pacts have made end products cheaper than the raw materials used in their manufacturing, it is time for the government to reduce customs duties on raw materials, thus addressing concerns of the domestic industry with regard to duty inversion.

The Narendra Modi-led government has signed FTAs with several countries, including New Zealand, the UK and Oman, and talks are going on for similar pacts with the EU and the USA.

In the Union Budget for 2025-26, the government had rationalised the customs duty structure, reducing the number of Basic Customs Duty (BCD) slabs to eight, including a zero per cent rate.

"Today, in Customs, we have 8 slabs; the idea is to reduce it to 5-6 slabs with rate rationalisation. Within rate rationalisation, another area which should be looked at is the inverted duty structure vis-a-vis FTAs.

As India has, over the years, signed a lot of free trade agreements, and therefore, there are a lot of finished goods which are coming in at a reduced duty, vis-a-vis the raw materials. So it will be apt to look at this duty inversion and consider raw material duty rate reduction vis-a-vis the finished products," Khattar said.

With regard to the Customs dispute locked in litigation, he said an amnesty scheme is being pushed by the industry. "Expectation is to provide certainty so that historic disputes are closed," Khattar said.

As of March 2024, 38,014 cases involving Customs duty of ₹1.52 lakh crore are locked in litigation.

Khattar said trade facilitation in terms of faster customs clearances is also expected from Budget 2026-27.

Source: thehindubusinessline.com– Jan 08, 2026

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## **Scheme to boost manufacturing of shipping containers on the table**

As part of the Centre's push to strengthen India's maritime capabilities, the government is working on a scheme to provide financial assistance for the manufacture of shipping containers, officials and industry executives familiar with the discussions told Business Standard.

The Ministry of Ports, Shipping and Waterways has begun deliberations on an assistance programme aimed at boosting container manufacturing by supporting new production lines as well as the expansion of existing facilities, according to a senior government official.

The ministry did not respond to an email seeking comment. However, a senior official said preliminary estimates put the required outlay at around ₹12,000 crore to achieve an annual production capacity of roughly 600,000 containers.

"The scheme and the financial outlay needed will take concrete shape after stakeholder consultations are concluded," the official said, requesting anonymity. The government is also scheduled to meet major container industry players next week to take discussions forward.

India's current container manufacturing capacity is estimated at around 30,000 units a year. By comparison, China, which dominates the global container market, has the capacity to produce around 5 million units annually.

"There is a clear direction that India needs to develop self-reliance in containers. India's export-led strategy for Viksit Bharat requires more containers. Moreover, the Bharat Container Shipping Line (BCSL) will also be operational soon, and it will need its own asset base of containers," a second official said.

BCSL was launched by Prime Minister Narendra Modi in October as India's new national container carrier, with financial backing from the Shipping Corporation of India and the Container Corporation of India. It is expected to begin operations with around 51 vessels.

According to initial discussions, the government is looking to bridge the cost differential between India-made containers and prevailing global market rates. This would require state support both for input costs involved in setting up manufacturing facilities and for output-linked incentives.

Industry players and sector experts say India must address the significant competitiveness gap in container manufacturing. “There is a substantial difference between an India-manufactured container and one made in China. If we look at one twenty-foot equivalent unit (TEU), a Chinese container is available for around \$1,700, whereas an India-manufactured container will not be available for less than \$2,200-2,400,” said Rudra Shriram, director at DCM Containers & Engineering.

A key factor driving this gap is raw material pricing, largely stemming from the lack of scale. Container manufacturing requires speciality steel of specific thicknesses, which is not currently produced at scale in India. “Steel manufacturers will not commoditise something until there is steady scale and volumes that allow them to produce input materials at much larger levels than currently exist, which is why input costs remain high,” Shriram said.

Industry executives say demand for containers is strong but is largely unmet domestically, while imported or leased containers carry higher costs, including expenses related to repositioning and cabotage.

“For marine-grade weathering steel, corner castings, flooring, coatings and hardware, reliable, large-volume and price-stable sourcing is difficult without a mature supplier base, pushing costs up and lead times out. In addition, container factories require high-capex automation in areas such as cutting, forming and robotic welding,” said Supal Shah, chief executive of Sarjak Container Lines.

Exportable containers must also comply with the Convention for Safe Containers and International Organisation for Standardisation norms, and be accepted by major shipping lines and leasing companies. Even after meeting standards, new entrants face trust and certification adoption hurdles, Shah added.

The government had earlier attempted to introduce container manufacturing support through the production-linked incentive (PLI) route. It is now considering a more comprehensive assistance programme.



“Longevity and flexibility need to be built into the scheme. You need to give it at least five years. In that time, the industry can build capacity, and shipping lines can conduct audits and ensure the required quality levels are achieved,” said a senior executive at a container manufacturing company involved in the stakeholder consultations.

The executive added that major shipping lines typically place large orders -- often in the tens of thousands of units annually -- with a single manufacturer, at scales that currently exceed even the combined annual output of many Indian facilities. Achieving scale, therefore, is critical for global visibility.

Source: business-standard.com– Jan 08, 2026

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