

IBTEX No. 6 of 2026

January 12, 2026

Currency Watch			
USD	EUR	GBP	JPY
90.22	104.89	121.10	0.57

INTERNATIONAL NEWS	
No	Topics
1	EU Votes for Mercosur Trade Deal, Creating World's Largest Free Trade Zone
2	China's economy expected to grow 4.8% in 2026: Goldman Sachs
3	Logistics Giants Expand Mexico Operations as Cross-Border Trade Volumes Climb
4	UK retail market experiences divergent performances in December 2025
5	EU Textile Recycling Faces Digital Data Gaps
6	Asia-North America Air Cargo Demand Rebounds in November After Six-Month Slump
7	Global textile yarn industry to rise to \$127 billion in value by 2034
8	Global high-end fashion market to grow to \$450 billion by 2031
9	US small businesses post modest sales growth in December

DISCLAIMER: The information in this message be privileged. If you have received it by mistake please notify "the sender" by return e-mail and delete the message from "your system". Any unauthorized use or dissemination of this message in whole or in part is strictly prohibited. Any "information" in this message that does not relate to "official business" shall be understood to be neither given nor endorsed by TEXPROCIL - The Cotton Textiles Export Promotion Council.

10	Vietnam's textile market gains momentum as VIATT 2026 draws global attention
11	USTR agrees to mull scope of cutting Bangladesh's reciprocal tariff

NATIONAL NEWS	
No	Topics
1	Piyush Goyal concludes Brussels visit, talks focused on expediting India-EU FTA
2	India-EU FTA: Outstanding issues remain, but 'good progress' made
3	India eyes new markets with US trade deal limbo
4	India–Oman CEPA
5	Worried Indian exporters reduce shipments to Bangladesh through Petrapole amid rising political turmoil
6	MEA calls Howard Lutnick's remarks on India-US trade deal delay inaccurate
7	India seen growing 7.4% in 2025; tax reforms, monetary policy easing buoy economy: UN economist
8	Trade, talent, tech on table as Friedrich Merz's visit begins on Monday
9	Apparel exporters hanging by a thread amid new tariff threats
10	New tariff threat: Additional duties on exports will raise risks for India
11	Spain, Germany, Belgium, Poland emerging as key export destinations for India within EU

INTERNATIONAL NEWS

EU Votes for Mercosur Trade Deal, Creating World's Largest Free Trade Zone

The European Union has finalized a controversial trade deal with Latin American nations more than two decades in the making that will result in the largest global free trade zone on record.

On Friday, European Commission President Ursula von der Leyen announced that the EU-Mercosur Partnership Agreement (EMPA), which will facilitate trade and cooperation between the EU's 27 member nations and Argentina, Brazil, Paraguay and Uruguay, was finalized by the European Council.

“With 2026 just underway, today Europe has sent a strong signal that we are serious about our priorities. On our commitment to Europe’s competitiveness and creating growth and opportunities for businesses and citizens. On our commitment to diversify our trade and reduce our dependencies. And in the face of an increasingly hostile and transactional world, a clear commitment to strengthen our international partnerships,” she wrote, no doubt referencing the punishing and widespread duties levied by the United States on more than 100 of its trading partners.

“With the Mercosur agreement, we are creating a market of 700 million people—the largest free trade zone in the world,” she added.

According to von der Leyen, 60,000 European companies currently export to the Mercosur region—half of them small- and medium-sized businesses that she said will benefit from the lowering of trade barriers like tariffs. The deal is projected to save such European enterprises 4 billion euros (about \$4.6 billion) annually in export duties and will create more streamlined, “simpler” customs procedures and greater access to raw materials.

Calling the deal a “win-win” for both sides, the European Commission president said the EMPA would boost business opportunities and Europe’s investment in strategic sectors in Latin America, while also creating a booming market for European exports, which are expected to grow by nearly 50 billion euros (\$58.1 billion) by 2040. Mercosur exports,

in turn, are slated to grow by up to 9 billion euros (\$10.4 billion) during that time.

The provisions of the agreement were not just designed for economic cooperation, but to bolster collaboration on issues like sustainable development and climate action, human rights, digitalization and multilateral national security. The deal's Interim Trade Agreement (iTA), which will remain in place until the EMPA enters into force, will immediately offer tariff reductions and open market access for an array of goods and services, including agriculture, automotive, pharmaceuticals and chemicals.

In her statement, von der Leyen acknowledged the chorus of concerns emanating from Europe's agricultural sector. "This agreement contains robust safeguards to protect their livelihoods. We are also stepping up our actions in relation to import controls, because rules must be respected, also by importers," she said.

Farmers across countries like France, Poland, Austria and Ireland have bemoaned the changes that the deal could invite—shifts they say could be a threat to their livelihoods. COPA-COGECA, a union comprised of two of Europe's largest agricultural organizations, has long resisted the formation of a trade agreement. For one, the deal could open the European consumer market to a deluge of cheaper options for products like beef and poultry, rice and sugar from Latin America, undercutting local producers, they believe.

Europe's regulatory environment and environmental standards could also pose a disproportionate burden for local farmers adherent to the laws, farmers have said. While they are subject to strict policies under the EU Green Deal, they argue that the EU-Mercosur deal doesn't do enough to force foreign entities to play by the same rules.

The framework's protections when it comes to labor and ecology are lacking in enforcement mechanisms or sanctions, farmers and some European states have argued.

Euronews reported that Poland, Austria, Hungary and Ireland also voted against it, while Belgium abstained. Germany and Spain were proponents of the EMPA, while Italy, which ultimately voted in favor, was regarded as a key decider in the matter.

Italian Prime Minister Giorgia Meloni said in a press conference Friday that she never had “any ideological objections” to the EMPA, though she underscored the need for enhanced protections for local industry. “We have always said we will be in favor of it when there are sufficient guarantees for our farmers,” she said. “The agreement’s potential is good, but not at the expense of the excellence of our products.”

French President Emmanuel Macron, a major detractor of EMPA, said the country would vote against the deal. “France is favorable to international trade, but the EU-Mercosur agreement is an agreement from another age, negotiated for too long on bases that are too outdated,” he wrote on X. Macron said that the projected 0.05 percent European GDP growth projected by 2040 by the Commission “does not justify exposing sensitive and essential agricultural sectors to risks to our food sovereignty.”

However, the French leader acknowledged that the Commission acquiesced to some of the country’s government’s demands, including a safeguard clause that would create an “emergency brake” on agricultural imports from Mercosur countries if Europe’s market becomes destabilized, to be activated upon a 5 percent variation in price or volume of imported agricultural products.

Brazilian President Luiz Inácio Lula da Silva, who has become the de facto dealmaker of the Mercosur region as leader of its largest country, called Friday a “Historic day for multilateralism.”

“In an international scenario of growing protectionism and unilateralism, the agreement is a signal in favor of international trade as a factor for economic growth, with benefits for both blocs,” he wrote on X, noting that the deal will represent the interests of 718 million people and a GDP of \$ 22.4 trillion.

The expansion of export markets and the possibility of productive European investment will be a boon to Brazil’s economy, he said, and EMPA’s trade rules will ultimately benefit both sides of the arrangement. He characterized the agreement as “A victory for dialogue, negotiation, and the bet on cooperation and integration between countries and blocs.”

Source: sourcingjournal.com– Jan 09, 2026

[HOME](#)

China's economy expected to grow 4.8% in 2026: Goldman Sachs

Goldman Sachs Research expects China's real gross domestic product (GDP) to grow by 4.8 per cent this year, above the consensus of economist estimates of 4.5 per cent.

The team's most distinctive out-of-consensus view is for China's current account surplus to rise to 4.2 per cent of GDP this year from 3.6 per cent in 2025.

However, structural challenges like low household consumption and labour market weakness remain, Goldman Sachs Research said in a insights piece.

While the housing market's decline hasn't yet reached its bottom, the economic drag from a declining property market is expected to lessen.

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

The Chinese economy has changed significantly in recent years amid trade wars and a prolonged property downturn, wrote Hui Shan, Goldman Sachs Research's chief China economist, in a recent report.

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 wrote.

"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 added.

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.

Similarly, its forecast for producer price inflation of minus 0.7 per cent is modestly higher than the consensus expectation of minus 1 per cent.

China has been experiencing deflation in its producer price index (PPI) for more than three years. The team expects year-on-year PPI to turn positive in early 2027. Meanwhile, it estimates headline consumer price inflation will largely remain below 1 per cent this year.

Goldman Sachs Research expects price inflation for Chinese exports in US dollar terms to turn positive in 2026, rising to 0.7 per cent from minus 2.7 per cent last year.

Source: fibre2fashion.com– Jan 11, 2026

[HOME](#)

Logistics Giants Expand Mexico Operations as Cross-Border Trade Volumes Climb

As Mexico's status as the top trade partner of the U.S. holds firm amid 2025's shifts in American trade policy, more global logistics firms are lining up to expand their presence to capitalize on the growing movement of goods between the countries.

Cainiao, the e-commerce logistics wing of Alibaba, has launched a dedicated cross-border parcel network covering the U.S. and Mexico enabling shipments between countries across the region.

Calling it the initial phase of a wider Americas rollout, Cainiao says the service covers the most active e-commerce regions in the U.S. West and reaches 99 percent of Mexico.

According to the Chinese logistics company, the offering is aimed at lowering the high-cost barrier of U.S.-Mexico cross-border logistics and providing fulfillment services for local e-commerce platforms and cross-border merchants.

As part of the service, Cainiao is expected to control various areas of the supply chain, including sorting, line-haul transportation and last-mile delivery.

Cainiao claims its offering would be priced at roughly 60 percent of current market averages.

The company entered the Mexican market in March 2024, opening a national sorting center near Mexico City in September that year. One year later, the Alibaba subsidiary opened its first self-operated warehouse in Mexico in September, enabling two-day delivery across the State of Mexico.

Cainiao currently operates a local delivery network covering more than 20 Mexican states, offering three-day delivery nationwide.

Echo Global Logistics is rolling out customs brokerage services for cross-border freight swapped between the North American countries.

EchoXBorder is designed to offer supply chain stakeholders services including consolidation, deconsolidation and inventory control at the border, as well as integrated customs and freight management.

The solution offers customs clearance at U.S. and Mexico airports, ocean port clearance, and brokerage through all major land ports. The platform is completed by real-time visibility, reporting and analytics capabilities to keep shipments on track.

Echo has bilingual experts on tap to help communicate throughout the compliance process.

“This approach to cross-border logistics enables operational gains through integrated logistics management between the U.S. and Mexico,” said Troy Ryley, president of Echo Mexico in a statement. “Our team has extensive experience with customs brokerage and is equipped to help our clients navigate trade regulations and adapt to market changes.”

Echo established operations in Mexico City, Monterrey and border-based trade hub Laredo, Texas in 2024, further planting the company flag in both the country and its border with the U.S.

Echo’s move follows recent announcements made in November by two global logistics giants about their escalating presence at the border.

C.H. Robinson added more than 450,000 square feet of warehousing and cross-docking space in El Paso, Texas, increasing its total logistics footprint along the U.S.-Mexico border to over 2 million square feet.

“We continue to see El Paso emerge as a vital gateway for not just high-tech freight, but also automotive, medical devices and healthcare products,” said Jay Cornmesser, vice president for Mexico cross-border services at C.H. Robinson, in a statement. “Juárez, located just across the border, has a substantial maquiladora manufacturing base. Our expansion in El Paso is a direct response to the evolving needs of our customers in today’s dynamic trade landscape.”

The additions complement its 400,000-square-foot cross-border facility established in Laredo in late 2023. That complex can host 700 trailers and has 154 double-sided deck doors.

Freight forwarding giant Kuehne+Nagel completed a big expansion at its complex in El Paso, opening a new site located adjacent to the company's existing facility.

The new warehouse added nearly 220,000 square feet of space to its Texas facility, increasing its overall capacity by 60 percent.

"Our existing El Paso facility reached full capacity within a year, demonstrating strong demand for cross-border solutions," said Joachim Goller, senior vice president, road logistics North America at Kuehne+Nagel. "This success underscores the need for scalable expansion to support our customers and new business while maintaining the high standards they expect. This investment further strengthens our market position at the U.S.-Mexico border and confirms that regardless of current geopolitical shifts, the nearshoring trend is alive."

The site is designed to accommodate the growing demands of customers for northbound and southbound movement of goods between Mexico and the U.S., the company said in a statement.

The new, bonded warehouse features 53 dock doors, 65 trailer spaces, front and rear cross-dock capabilities, as well as vertically racked storage locations.

As of October, Mexico accounts for 16.4 percent of total trade with the U.S. at \$78.1 billion in goods shipped, according to data from the Census Bureau. This percentage expands when it comes to Mexican freight transported to the U.S., with 17.7 percent of imports (\$48.5 billion) coming from Mexico during the month.

Source: sourcingjournal.com– Jan 09, 2026

[HOME](#)

UK retail market experiences divergent performances in December 2025

The UK retail landscape witnessed a stark divergence in performance during the critical 2025 Christmas window, as market-leading agility clashed with structural headwinds. Next PLC emerged as the definitive victor, reporting a 10.6 per cent growth in full-price sales for the nine weeks ending December 27.

Exceeding internal forecasts by £51 million, this performance was propelled by a 38.3 per cent leap in international online revenue and improved stock availability following prior-year supply chain disruptions. In contrast, Primark struggled against weak consumer sentiment in Continental Europe, seeing like-for-like sales retreat 2.7 per cent across its global estate.

Value and volume: The supermarket fashion hedge

While fashion-forward retailers like Next capitalized on ‘investment dressing,’ grocery giants successfully leveraged their ‘one-stop-shop’ appeal. Tesco’s F&F clothing brand recorded a robust 4.4 per cent sales increase during the six-week festive peak, benefiting from a 23-basis-point gain in overall UK market share.

Similarly, Sainsbury’s Tu Clothing outperformed the broader market by 10 percentage points in volume, driven by record-breaking sales of seasonal nightwear. This ‘supermarket growth’ highlights a consumer shift toward affordable indulgence and convenience, contrasting sharply with Marks & Spencer, where clothing and home sales dipped 2.5 per cent as the brand continued to navigate the recovery phase of a disruptive cyber-attack from earlier in the year.

Strategic outlook: Profitability amidst volatility

As the sector enters 2026, the focus has shifted from top-line growth to margin protection. Next has raised its pre-tax profit guidance for the fifth time this year to £1.15 billion, reflecting strong cash generation. Conversely, Primark owner ABF warned of adjusted operating profits falling below last year’s levels due to increased markdowns required to clear excess inventory.

The industry now faces a ‘normalization’ period; while Next forecasts continued 4.5 per cent growth through 2027, the broader market remains cautious, balancing the benefits of high-speed digital fabrication against rising employment costs and fragile consumer confidence.

Next is a FTSE 100 omnichannel retailer specializing in clothing, footwear, and home products. Operating over 500 stores and a dominant online platform, it serves key markets in the UK and Europe. With a 2026 profit outlook of £1.15 billion, Next remains a benchmark for retail resilience and logistical excellence since its 1982 rebranding.

Source: fibre2fashion.com– Jan 10, 2026

[HOME](#)

EU Textile Recycling Faces Digital Data Gaps

A new report warns that digital product passports will fall short of enabling large-scale textile-to-textile recycling unless European Union policymakers address data gaps and low digitization across the value chain.

That's because almost 75 percent of the EU's post-consumer textiles are incinerated or landfilled at the end of life, the European Environment Agency found. Why? The EU's textile sector still favors linear production models, according to the Centre for European Policy Studies (CEPS)—a Brussels-based think tank that examines EU affairs and provides a platform for debate.

That's why, according to CEPS, addressing this mismanaged textile waste (some 5-plus million tons, per the EEA's estimates) by transitioning to a system of durable, digital tools—those of a more circular than linear make and model—is “essential to reducing waste, emissions and virgin resource dependency,” the center recently reported; as an independent analyst (and critic) of European policy, CEPS has been conducting rather robust, primarily-in-house policy research since 1983.

The international think tank shared a January 2026 policy brief written in the context of PESCO-UP: A four-year Horizon Europe and EU-funded textile recycling project.

In essence, PESCO-UP champions two crucial policy briefs within the EU's textile recycling landscape: the digital product passport (DPP) and extended producer responsibility (EPR) schemes. The idea is to aggregate “actionable insights” to inform the relevant players—policymakers and industry executives, NGOs and standards bodies—on practical deployment of DPP and EPR under the upcoming framework's law.

The acronym is a direct reference to these textile blends' chemical abbreviations (polyester and cotton) and the project's primary goal (upcycling). The EC's Community Research and Development Information Service (CORDIS) platform reported that the project's formal name is “textile fiber recycling from mixed streams of PESCO textiles,” used for purposes such as EU grant documentation.

On that note, PESCO-UP is led by VTT, the largest research and technology company and research center in Finland, conducting applied research. The PESCO-UP consortium is EU-wide—spanning partners like Valmet and Vegea, Rester and Reverse Resources—to collectively cover the complete lifecycle of textile recycling.

The project's technologies span all processes throughout the textile recycling value chain. Identification and sorting benefit from digitized material identification systems, while tools like the DMP improve supply-and-demand matching through specific data-sharing practices.

Name aside, the project focused on a combination of mechanical and chemical separation technologies to achieve a targeted 90-95 percent material processing efficiency from polyester/cotton (PES/CO) blends, CEPS explained. Its objective—ensuring circularity and encouraging stakeholder(s) collaboration—began at the start of 2024 and will wrap at the end of 2027.

To hit those objectives, PESCO-UP is developing a Digital Material Passport (DMP) and a digital marketplace to bridge information gaps between stakeholders.

“While not enshrined in EU law, the DMP is also relevant for textile circularity,” the policy brief reads. “Compared to the DPP, the DMP focuses specifically on materials rather than entire products—and only targets value chain actors rather than including consumers.”

It's of particular interest for textile recycling, CEPS said, considering the sector's traceability tools need to tackle a ton of topics: fabric construction, fabric composition, fabric finishes, to name a few, alongside chain of custody data.

The PESCO-UP DMP data structure, for instance, was designed for drop-in compatibility—intended to “feed” any future DPPs with this super-specific and broken-down data.

The project interviewed 20 (classified) companies about the challenges and constraints they face when using such traceability and transparency tools. In response, PESCO-UP presented three proposals to policymakers: establish clear data priorities; support consumer awareness and engagement; improve interoperability of data and policies.

The Brussels-based organization said its policy brief enters the arena at an opportune moment; an ESPR Delegated Act (DA) for textiles is expected by 2027, with a recommended phased rollout of the DPP to a “comprehensive version” by 2033(ish).

Source: sourcingjournal.com– Jan 09, 2026

[HOME](#)

Asia-North America Air Cargo Demand Rebounds in November After Six-Month Slump

Air cargo demand on the Asia-to-North America trade corridor in November grew for the first time since April, with the holiday season helping boost trans-Pacific trade patterns out of a half-year-long malaise. According to the International Air Transport Association (IATA), traffic growth on the trade lane increased 1.8 percent, after demand had contracted for six straight months.

Demand first started its decline in May, reaching double digits amid swift changes in U.S. trade policy, particularly targeted at China.

President Donald Trump's "Liberation Day" tariffs that were slapped on U.S. trade partners in April started the slowdown, with demand plummeting further after the closure of the de minimis trade provision for Chinese goods in May. Under that trade exemption, shipments with a value of \$800 or less no longer enter the U.S. duty free.

The increased demand on the Asia-to-North America route helped prop up total demand across all trade lanes, delivering the second largest increase in 2025.

Measured in cargo tonne-kilometers (CTK), air cargo traffic rose 5.5 percent compared to November 2024 levels. This number increases to 6.9 percent for international operations.

Willie Walsh, IATA's director general, said the November figures were "boosted by shippers prioritizing timely delivery in the lead-up to the year-end holiday season."

"Globally, the fourth quarter for air cargo was resilient as strategic re-routing of trade shaped performance across key markets," said Walsh in a statement. "The strong end for 2025 bodes well for the air cargo industry as it enters the new year."

Ahead of the release, IATA projected that 2025 would see 3.1 percent year over year growth to 282.3 billion CTKs, representing an upward revision from its June forecast of 0.7 percent annual growth.

For 2026, traffic growth is anticipated to see a smaller spike than the full-year projections in 2025, escalating 2.6 percent to a forecast of 289.5 billion CTKs.

IATA said in its 2026 global outlook released in December that the slowed demand increase is in line with an expected softening global trade.

“The slowdown is unlikely to be as pronounced as the general trade deceleration, as air cargo continues to benefit from rising demand for high-value, time-sensitive goods, particularly driven by e-commerce and semiconductors,” the IATA report read. “Persistent global uncertainties around tariffs and supply chain disruptions will reinforce air transport’s role as the most reliable mode of delivery.”

Overall, IATA’s forecast for next year was led by 6 percent growth in the Asia-Pacific region, while Africa, Europe and Latin America should grow around 2 percent.

North America will see declines of 0.5 percent, while the Middle East will stagnate with flat growth.

Freight rate benchmarking provider Xeneta shared a similar position to IATA regarding demand across 2025 and 2026.

Having predicted up to 4 percent market demand growth for 2025, Xeneta sees a more cautious outlook for 2026, forecasting a slightly more modest 2 percent to 3 percent rise in volumes this year.

“When I look at the biggest risks this year, right now I would say it’s more likely we will see something that will put a stopper on the level of air freight growth we have seen in the last two years,” said Niall van de Wouw, chief airfreight officer at Xeneta, in a Monday update. “Overall, the market has been relatively stable, but we are entering a phase when shippers will be looking for better rates and demand may deteriorate in the first quarter of the year.”

Van de Wouw said “something has to give in 2026” from a volume perspective, which could give way to lower air freight rates for shippers this year.

Freight rates already have seen a steep drop-off to kick off 2026, with the global Baltic Air Freight Index (BAI00) dropping by 14.1 percent in the week to Monday, according to TAC Index. On a year-over-year basis, the BAI00 declined 11.4 percent.

Rates out of Asia saw a serious dip, with outbound routes out of Shanghai plunging 19.9 percent from the week prior—down 6.1 percent year over year.

The rate decline corresponds with cargo airplanes taken out of capacity as airlines adjusted supply after volumes slumped following the end of the peak season. According to air cargo data provider Rotate, freighter capacity declined 10 percent globally week over week, as of Sunday.

Capacity on the Asia-to-North America sank 9 percent during the week, while Asia-to-Europe air cargo capacity declined 4 percent.

Source: sourcingjournal.com— Jan 09, 2026

[HOME](#)

Global textile yarn industry to rise to \$127 billion in value by 2034

The value of the global textile yarn industry is projected to rise from \$82.4 billion in 2025 to \$127.4 billion by 2034. This expansion is increasingly defined by a structural shift toward technical performance and verified sustainability.

As the Asia-Pacific region maintains its dominance with a 63.5 per cent market share, the industry is navigating a transition where the traditional focus on volume is being superseded by the demand for functional, blended, and recycled fibers. Industrial data confirms, recycled polyester and bio-based cellulose are no longer niche offerings but essential components for brands aiming to meet stringent ESG targets and upcoming EU traceability mandates.

Industry analysts highlight, the integration of air-jet spinning and automated digital monitoring has significantly enhanced yarn uniformity while reducing energy overheads, a critical factor as raw material price volatility persists.

In the Middle East and Africa, a projected 6.7 per cent CAGR reflects a strategic pivot toward non-oil industrialization, with Turkey emerging as a pivotal hub for high-quality cotton and speciality blends. Meanwhile, the North American and European sectors are prioritizing high-value technical textiles for automotive and medical applications. This global landscape presents a clear opportunity for manufacturers to adopt circular models, converting post-consumer waste into high-tenacity yarns that align with the rising 'prosumer' preference for garment longevity and environmental accountability.

The global textile yarn industry specializes in the production of natural, synthetic, and blended fibers for apparel, home, and industrial applications. Dominating the Asia-Pacific and European luxury markets, the sector is currently scaling recycled yarn capacities to achieve 2034 growth targets while addressing raw material price volatility through technological innovation.

Source: fashionatingworld.com– Jan 10, 2026

[HOME](#)

Global high-end fashion market to grow to \$450 billion by 2031

The global high-end fashion market is entering a transformative phase, with projections indicating a rise to \$450 billion by 2031, supported by a consistent 5.5 per cent CAGR. As of early 2026, the industry has successfully navigated the 'post-elevation' era, where traditional exclusivity is being augmented by hyper-personalization.

While the United States remains a resilient stronghold for luxury spend, the Asia-Pacific region has emerged as the primary growth engine. This shift is powered by a mobile-first middle class and a burgeoning 'prosumer' base in markets like India and China, where high-end fashion is increasingly viewed as a lifestyle investment rather than a discretionary purchase.

The rise of AI-driven scarcity and craftsmanship

To maintain a robust 19 per cent EBIT margin amidst rising operational costs, leading fashion houses are integrating Generative AI for demand forecasting and supply chain orchestration. Unlike the mass-market use of automation, luxury brands like LVMH and Prada are leveraging technology to protect scarcity - ensuring artisanal supply perfectly meets demand while reducing inventory waste by up to 20 per cent.

This 'smart craftsmanship' is further supported by the industry-wide adoption of Digital Product Passports (DPP), which provide blockchain-verified provenance. These tools allow brands to justify premium price points by offering transparent, traceable accounts of craftsmanship and sustainability to a skeptical, value-conscious Gen Z audience.

Navigating geopolitical headwinds and resale growth

Despite the optimistic valuation, 2026 presents significant structural challenges, including tightening ESG regulations and a complex global tariff landscape. Analysts from McKinsey note that nearly 46 per cent of fashion executives anticipate 'challenging' conditions due to trade disputes.

Consequently, many brands are diversifying into the luxury resale market, which is currently growing three times faster than firsthand retail. By launching in-house 'pre-loved' programs, heritage brands are effectively capturing secondary market value, building long-term loyalty, and insulating themselves against the volatility of the primary production cycle.

Global Luxury Insights is a market intelligence initiative providing data-driven analysis of the high-end apparel and retail sectors. Focused on major hubs in Europe, North America, and Asia-Pacific, it assists stakeholders in navigating digital transformation and ESG compliance. Since its inception, the platform has guided strategic alliances for top-tier fashion houses, focusing on sustainable growth and long-term financial resilience.

Source: fashionatingworld.com– Jan 10, 2026

[HOME](#)

US small businesses post modest sales growth in December

Small businesses in the US closed out the holiday season with modest gains. December sales rose month-over-month (+0.8 per cent), while transaction volume remained flat, as per Fiserv Small Business Index. Compared to 2024, average ticket sizes were up (+2.0 per cent), signalling that consumers spent more per purchase during the holiday period.

“December’s sales gains show the resilience of small businesses during a competitive holiday season,” said Prasanna Dhore, chief data officer at Fiserv. “Consumers focused on essentials and made selective discretionary purchases, driven by ongoing cost pressures. These patterns, resulting in modest monthly sales growth, highlight how small businesses continue to adjust in a challenging economic climate.”

The seasonally adjusted Index climbed to 144, while year-over-year sales grew (+1.6 per cent), due to higher average ticket sizes and steady demand for essentials. Retail sales among small businesses rose +0.9 per cent month-over-month (m-o-m) and +0.3 per cent year-over-year (y-o-y), with Core Retail (excluding volatile categories) posting stronger year-over-year growth at +1.1 per cent. Sporting goods led annual gains at +5.2 per cent, supported by increased foot traffic at +5.8 per cent.

Compared to November, sales grew in 43 of 50 states during the month of December, a significant increase from the month prior, when only 11 states saw sales increases. Month-over-month increases from high-volume states, including California (+1.6 per cent) and Texas (+1.1 per cent), contributed significantly to this growth. New York (-0.5 per cent), Colorado (-1.5 per cent) and Pennsylvania (-0.2 per cent) were among the few states to experience month-over-month declines.

Source: fibre2fashion.com– Jan 10, 2026

[HOME](#)

Vietnam's textile market gains momentum as VIATT 2026 draws global attention

Vietnam's textile and apparel industry continues to consolidate its position as a key player in the global market, supported by strong government backing and growing international engagement. As one of the country's most important export sectors, textiles remain central to Vietnam's economic development strategy, with a clear focus on sustainability, quality improvement, and international competitiveness.

The industry's recent performance reflects this positive trajectory. In the first five months of 2025, Vietnam's textile and garment exports reached USD 17.58 billion, marking a 9% increase compared to the same period last year.

Alongside its export strength, Vietnam remains a major importer of textile raw materials, machinery, and advanced technologies, highlighting the importance of international inputs in strengthening the country's developing textile value chain.

This dynamic market environment provides the backdrop for the third edition of the Vietnam International Trade Fair for Apparel, Textiles, and Textile Technologies (VIATT 2026), scheduled to take place from February 26 to 28, 2026, at the Saigon Exhibition and Convention Center (SECC).

Following steady growth in exhibitor and visitor numbers in 2025, the upcoming edition will expand its exhibition space by 20%, reflecting increasing confidence from global industry players in Vietnam and the wider ASEAN region.

The Vietnamese government's long-term strategy for the textile sector emphasises the development of a circular economy, completion of the domestic production value chain, and the adoption of sustainable, technology-driven practices.

VIATT's positioning closely aligns with these objectives, serving as a platform that connects international suppliers, technology providers, and local manufacturers.

Beyond facilitating trade, the fair supports the development of Vietnam's fashion ecosystem, technology upgrades, enhanced sustainability standards, and the expansion of technical textiles.

VIATT 2026 will feature exhibitors across three major segments: apparel fabrics and fashion, home and contract textiles, and technical textiles and technologies. Vietnam's well-established apparel manufacturing base continues to attract leading international exhibitors from Europe and Asia, including suppliers of premium fabrics, yarns, garments, and machinery. Their presence highlights Vietnam's gradual shift towards higher-value, design-oriented, and innovation-led production, elevating the country's global reputation.

While apparel remains the industry's backbone, the home and contract textiles segment is gaining momentum. Rising urbanisation, a growing middle class, and a robust tourism and hospitality sector are driving demand for home décor, bedding, and performance-driven interior textiles.

Exhibitors at VIATT 2026 will showcase products ranging from jacquard and outdoor fabrics to bio-based bedding solutions. Technical textiles showcase AI, chemicals, and finishes, boosting efficiency, as well as flame-retardant and blackout materials designed for commercial use.

Sustainability will remain a central theme at VIATT 2026. In line with Vietnam's commitment to a circular economy and green energy transition, the fair will once again feature the Econogy Hub and Econogy Talks, providing a dedicated platform for sustainable materials, technologies, and industry dialogue.

As Vietnam continues to move up the global textile value chain, VIATT 2026 stands as a strategic meeting point for innovation, sustainability, and international collaboration, reinforcing the country's growing influence in the regional and global textile industry.

Source: textiletoday.com – Jan 10, 2026

[HOME](#)

USTR agrees to mull scope of cutting Bangladesh's reciprocal tariff

US Trade Representative Jamieson Greer has agreed to raise with President Donald Trump the possibility of reducing Bangladesh's current 20-per cent reciprocal tariff rate, bringing it more in line with regional competitors.

This was in response to a request from Bangladesh's National Security Adviser Khalilur Rahman, who is currently visiting Washington, DC, the country's Chief Advisor said in a post on Facebook.

Both sides have developed an innovative and forward-looking solution to support Bangladesh's export priorities. Under a proposed preferential scheme discussed by Rahman and Greer, Bangladesh would receive tariff-free access to the US market for textile and apparel exports equivalent to its imports of US-produced cotton and man-made fibre textile inputs, measured on a square-meter basis, the Chief Advisor's post said.

"This creative, win-win approach strengthens bilateral trade, supports Bangladeshi manufacturers and workers, and deepens supply-chain ties with US producers. It reflects growing momentum and goodwill in US-Bangladesh economic relations and marks a promising new chapter for Bangladesh's global trade prospects," the post added.

Source: fibre2fashion.com– Jan 11, 2026

[HOME](#)

NATIONAL NEWS

Piyush Goyal concludes Brussels visit, talks focused on expediting India-EU FTA

Union Minister of Commerce and Industry, Piyush Goyal, concluded his two-day visit to Brussels a decisive step forward in the India-EU Free Trade Agreement (FTA) negotiations.

The Commerce Minister was in Brussels on 8 and 9 January, and held a series of high-level dialogues with Commissioner for Trade and Economic Security, Maros Sefcovic, where both the leaders provided guidance to negotiating teams to resolve pending issues and expedite the agreement.

Discussions centred on the proposed India-EU Free Trade Agreement (FTA), with both sides underlining the importance of protecting the interests of farmers and micro, small and medium enterprises (MSMEs), while enabling Indian industries to integrate more deeply into global supply chains.

"In continuation of our efforts to secure a mutually beneficial India-EU Free Trade Agreement (FTA), I held high-level talks with the EU Trade and Economic Security Commissioner, Mr. Maros Sefcovic, in Brussels. During this dialogue, we deliberated across key areas of the proposed agreement. We reaffirmed our commitment to a rules-based trading framework and a modern economic partnership that safeguards the interests of farmers and MSMEs while integrating Indian industries into global supply chains," Goyal had said in a post on X.

Minister Goyal and Commissioner Sefcovic carried out detailed deliberations across key areas of the proposed agreement. Both sides took note of the steady progress achieved across various negotiating tracks including Market Access for Goods, Rules of Origin, Services etc, a statement from Ministry of Commerce said. The Ministerial-level discussions reaffirmed the strong political resolve on either side to address pending issues through constructive engagement.

Both sides emphasized the strategic importance of concluding a fair, balanced, and ambitious agreement that aligns with their shared values, economic priorities, and commitment to a rules-based trading framework, it added. The Ministerial engagement was preceded by high-level

discussions between Commerce Secretary Rajesh Agrawal and the Director-General for Trade, European Commission, Sabine Weyand, on 6-7 January 2026.

The meetings focused on stocktaking the progress achieved across various negotiating tracks. The officials worked to "narrow divergences" and ensure clarity on outstanding issues, clearing the path for the Ministerial dialogue. Ahead of the Brussels meeting, Goyal visited Liechtenstein, where he chaired a business roundtable with leaders of leading Liechtenstein companies.

The discussions focused on the implementation of the India-EFTA Trade and Economic Partnership Agreement (TEPA). The visit was significant as it marked the first time an Indian Cabinet Minister travelled to Liechtenstein, reflecting the deepening of bilateral economic ties following the operationalisation of the landmark trade pact.

Goyal highlighted that the India-EFTA TEPA goes beyond trade liberalisation and provides a framework for promoting investment, technology collaboration, skill development, and resilient value chains. He invited Liechtenstein companies to explore opportunities in India, particularly in light of the \$100 billion investment commitment by EFTA nations.

Minister also toured the headquarters of the Hilti Group and met its CEO, Jahangir Doongaji. Discussions focused on enhancing localisation, increasing value addition, and scaling global shipments from India. With Hilti's presence in India's construction sector for over 25 years, the talks also covered technology collaboration to support safer and smarter infrastructure, aligned with India's manufacturing and export growth objectives.

Minister Goyal also met Liechtenstein's Prime Minister Brigitte Haas to discuss strengthening economic and investment ties under the India-EFTA TEPA. The two leaders explored cooperation in skill development, vocational training, and industry-academia linkages, combining India's young workforce with Liechtenstein's advanced industrial capabilities.

Source: thehindubusinessline.com– Jan 10, 2026

[HOME](#)

India-EU FTA: Outstanding issues remain, but ‘good progress’ made

India and the EU are yet to resolve all outstanding issues in the ongoing negotiations for a bilateral free trade agreement (FTA) after two-day “marathon talks” between Commerce Minister Piyush Goyal and his EU counterpart in Brussels this week. But both sides are optimistic about the “good progress” made.

“Great to host my counterpart and friend Piyush Goyal for an intense 2-day marathon of talks... Good progress made. Open issues narrowing. Full steam ahead in the coming days,” EU Trade Commissioner Maroš Šefčovič posted on social media platform X early on Saturday (India time).

The negotiations are stuck over a handful of issues such as India’s concerns over the EU’s carbon tax and steel import quotas and the bloc’s higher market access aspirations for automobiles and dairy, sources said.

The Indian Commerce Minister joined his team of top trade negotiators in Brussels earlier this week to lend political momentum to the proposed FTA talks.

Both sides want the negotiations to be substantially concluded ahead of the visit of European Commission President Ursula von der Leyen and European Council President Antonio Costa to Delhi to participate in the country’s Republic Day celebrations on January 26.

Goyal, in his social media post, described his meeting with Šefčovič as productive. “We made good progress and provided strategic guidance to our negotiating teams and reaffirmed our strong political resolve to deliver a fair, balanced and ambitious agreement aligned with the economic priorities of both India and the EU,” Goyal said.

Both India and the EU have a shared goal of a balanced, mutually beneficial trade and investment agreement to boost EU-India relations, Šefčovič said.

In 2024–25, the EU was India’s top goods trading partner, with bilateral trade at \$136.53 billion. India had a trade surplus, exporting \$75.85 billion worth of goods while importing \$60.68 billion.

With growing global uncertainties, including US President Donald Trump's unpredictable tariff regime, both India and the EU had aimed to conclude the FTA talks this month. It is hoped that an announcement could be made during the EU leaders' visit to Delhi this month-end, possibly at the India-EU Summit.

However, with the sticking issues still unresolved, it is not clear if the deal could be concluded this month. But the two sides would keep making efforts, as Šefčovič suggested.

Source: thehindubusinessline.com– Jan 10, 2026

[HOME](#)

India eyes new markets with US trade deal limbo

India is aggressively seeking trade deals to open markets for exporters and soften the blow of steep US tariffs, as efforts to secure an agreement with Washington remain elusive.

Relations between Washington and New Delhi plummeted in August after President Donald Trump raised tariffs to 50 percent, a blow that threatens job losses and hurts India's ambition of becoming a manufacturing and export powerhouse.

That pressure, experts say, has pushed New Delhi into a rapid diversification drive beyond its biggest market.

India signed or operationalised four trade agreements last year, including a major pact with Britain -- the fastest pace of dealmaking it has seen in years -- and is now eyeing fresh deals.

Negotiations are underway with the European Union, the Eurasian Economic Union, Mexico, Chile and the South American Mercosur trade bloc, either for new deals or to expand existing agreements.

If successful, India would have trade arrangements with "almost every major economy", said Ajay Srivastava, from the New Delhi-based Global Trade Research Initiative (GTRI).

Srivastava said 2025 was "one of the most active years" for trade agreements, which he said aimed to "spread risk" rather than to pivot from Washington.

'Expand its destinations'

Washington's punishing tariffs aimed at stopping India's purchases of Russian oil -- which it says finances Moscow's invasion of Ukraine -- have driven New Delhi's desire to grow other markets.

"The strategy was a reaction, as I read it, to what Trump did," trade economist Biswajit Dhar told AFP. "This has now become an imperative for India to actually expand its destinations."

Major deals will help labour-intensive sectors hurt by tariffs.

India's apparel export promotion council projects that the UK trade deal could help double garment exports to Britain over the next three years.

The gains from a potential EU agreement could be even bigger.

European Commission President Ursula von der Leyen, expected to visit New Delhi later in January, has said it would be the "largest deal of this kind anywhere in the world".

Although the two sides missed a deadline to conclude talks by the end of 2025 -- reportedly over disputes related to steel and auto exports -- Indian negotiators remain optimistic.

German Chancellor Friedrich Merz will visit India and meet Prime Minister Narendra Modi on Monday, holding talks on "intensifying cooperation in trade and investment", Modi's office said in a statement. Smaller agreements also matter.

Trade between Oman and India totalled less than \$11 billion last financial year, but a December deal with Muscat offers "a gateway to the broader Middle East and Africa markets", and a template for a wider "Gulf engagement strategy", analysts at Nomura suggested.

And while a free trade agreement (FTA) with New Zealand added little to Indian export growth, it secured \$20 billion in foreign investment, increased visa access and showed Washington that New Delhi is willing to compromise.

"The New Zealand FTA makes concessions on agricultural produce like apples, even though farmers here may have concerns," said an Indian commerce ministry official, who declined to be identified.

"Who says we can't be flexible?"

'Eggs in one basket'

India's goods exports rose a surprising 19 percent in November 2025, reversing an October decline.

While the surge was helped by electronics shipments -- still exempt from US tariffs -- marine product exports also posted gains.

"Diversification has certainly happened," KN Raghavan, of the Seafood Exporter Association of India said.

"We have increased exports to the EU and China," he said, adding they were the top markets after the United States.

But exporters caution that alternative markets cannot fully replace the United States, with Raghavan saying a US deal is "paramount".

That remains in limbo.

India's imports of Russian oil fell sharply in December to 1.2 million barrels per day from 1.8 million per day in November, according to Kpler trade data.

It is unclear if that will be enough for Trump.

Pankaj Chadha, chairman of the Engineering Export Promotion Council, said diversification had become a necessity to lessen dependence on the "biggest and the most lucrative" market.

"It's better not to put all your eggs in one basket," he said.

Source: economictimes.com– Jan 11, 2026

[HOME](#)

India–Oman CEPA

Textiles

Oman's textile imports stood at USD 597.9 million in 2024, while India's textile exports reached USD 131.8 million, giving India a 22 per cent share, a sharp increase from 9.3 per cent in 2023.

- Under the CEPA, Indian textile and apparel products that earlier faced import duties of around 5 per cent now receive zero-duty market access, directly improving price competitiveness and supporting higher export volumes.
- Key segments positioned for growth include **readymade garments (USD 87.0 million), made-ups (USD 17.4 million), MMF textiles (USD 11.2 million), and jute products (USD 7.3 million).**
- Duty-free access strengthens India's competitive position against major suppliers such as **China, Bangladesh, Türkiye, and the UAE**, particularly in labour-intensive segments like ready-made garments, home textiles, carpets, jute, and silk products.

Rising textile exports are expected to support production and employment across major Indian textile clusters, including Tirupur, Surat, Ludhiana, Panipat, Coimbatore, Karur, Bhadohi, Moradabad, Jaipur, and Ahmedabad. Improved access to Oman also allows Indian exporters to use the country as a gateway to GCC and East African markets, supported by logistics hubs such as Sohar, Duqm, and Salalah.

[Click here for more details](#)

Source: pib.gov.in– Jan 10, 2026

[HOME](#)

Worried Indian exporters reduce shipments to Bangladesh through Petrapole amid rising political turmoil

Amid rising political turmoil in Bangladesh, worried Indian exporters are gradually reducing shipments to the neighbouring country through Petrapole — the largest land port in South Asia.

The land port Petrapole, a vital gateway for trade and commerce between India and Bangladesh, is currently witnessing a lesser number of trucks entering Bangladesh each day compared to December last year.

According to exporters, India's shipments to Bangladesh have been falling sharply due to rising uncertainties that loom over payments from Bangladeshi importers with the country facing the worst political crisis in decades.

Since a mass uprising in July last year toppled the Sheikh Hasina Government, the number of trucks entering Bangladesh each day through the Petrapole-Benapole border has halved.

“During July last year, around 500-550 trucks were entering Bangladesh each day from Petrapole. Now, around 250 trucks are crossing the border on an average in a day. Indian exporters are reducing their shipments as they are very worried about getting payments due to rising political uncertainties,” Karthik Chakraborty, Secretary, Petrapole Clearing Agents' Staff Welfare Association told businessline.

According to Chakraborty, the number of trucks entering from the Bangladeshi side has also fallen drastically. “The number of trucks entering from Bangladesh has come down to 70 per day on an average from 250 trucks per day earlier,” he informed.

Petrapole, about 80 km from Kolkata, in the North 24 Parganas district of West Bengal, accounted for a significant part of India-Bangladesh bilateral trade. Through the land port Petrapole, Bangladesh imports raw cotton, iron, plastics, chemicals, onion and perishable commodities, among others, while India imports leather items, shoes, cotton rack, jute goods and fishes.

With export shipments to Bangladesh falling drastically, the trucking industry is facing a whopping loss each day. As much as 30 per cent of India's trucking industry is dependent on the country's trade with neighbouring Bangladesh

“As exports are falling, demand for trucks has also been falling. It has been a major financial blow to us,” said Sajal Ghosh, secretary, Federation of West Bengal Truck Operators' Association.

“With Petrapole, other major land ports in West Bengal — Gojadanga, Hili, Mahadipur and Fulbari — have also been witnessing substantial decrease in trade volumes. Truck owners are not getting insurance for their vehicles entering Bangladesh due to rising political turmoil there,” Ghosh added.

Source: thehindubusinessline.com– Jan 09, 2026

[HOME](#)

MEA calls Howard Lutnick's remarks on India-US trade deal delay inaccurate

India on Friday rejected as “not accurate” remarks by US Commerce Secretary Howard Lutnick that a proposed bilateral trade deal failed to materialise last year because Prime Minister Narendra Modi did not place a telephone call to US President Donald Trump, marking one of New Delhi’s strongest responses to comments by a senior American official in recent months.

At his weekly media briefing, Randhir Jaiswal, spokesperson for the Ministry of External Affairs (MEA), said the two countries had “on several occasions been close to a deal,” signalling that responsibility for the impasse did not rest solely with New Delhi, as suggested by Lutnick in comments made during an interview on Thursday (India time).

Jaiswal added that “Prime Minister Modi and President Trump have also spoken on phone on eight occasions during 2025, covering different aspects of our wide-ranging partnership.”

People familiar with the negotiations said India had concerns about opening up its farm sector, citing potential implications for farmers’ livelihoods, and said there was no juncture last year at which a phone call would have clinched the agreement.

India reiterated that it had been “committed to negotiating a bilateral trade with the US as far back as February 13, 2025,” and that “since then the two sides have held multiple rounds of negotiation to arrive at a balanced and mutually beneficial trade agreement.” The decision to pursue talks was taken at a meeting between Modi and Trump at the White House on February 13. “We have seen the remarks,” Jaiswal said. “India and the US were committed to negotiating a bilateral trade agreement as far back as February 13 last year.”

“Since then, the two sides have held multiple rounds of negotiation to arrive at a balanced and mutually beneficial trade agreement. On several occasions, we have been close to a deal. The characterisation of these discussions in the reported remarks is not accurate.” He said India remained interested in concluding a mutually beneficial agreement between the two complementary economies.

New Delhi has avoided a public exchange with the Trump administration since May, including over Trump's claims of credit for the India-Pakistan ceasefire following Operation Sindoor and comments related to the trade talks. Indian officials have said the bilateral relationship spans multiple sectors, including cooperation in several strategic areas, and is underpinned by a large Indian diaspora in the US, factors they say should temper simplified assessments of ties.

In an interview on the All-In podcast on Thursday, Lutnick said Modi needed to call Trump for the trade deal to proceed. "It's all set up. You have to have Modi call the President. They were uncomfortable doing it, so Modi didn't call," he said.

Lutnick said the UK was the first country to finalise a trade agreement with the US in May, after which the Trump administration adopted what he described as a "staircase" approach, under which countries that moved earlier secured more favourable terms.

India, he said, was given a deadline and expected to take a political call, including a call from Modi to Trump. Meanwhile, Washington concluded agreements with other Asian countries at higher tariff rates.

"We did Indonesia, the Philippines, and Vietnam. We announced a whole bunch of deals in Asia. Because we negotiated them and assumed India was going to be done before them; I negotiated them at a higher rate," Lutnick said. "So now the problem is the deals came out at a higher rate and then India calls back and says we were ready... Are you ready for the train that left the station three weeks ago?"

Although India was the first country to initiate trade talks with the US in March, uncertainty over finalising an agreement has persisted. Washington concluded a trade deal with Britain in May, followed by agreements with countries including the Philippines and Vietnam in July.

Trade talks between India and the US came close to completion before stalling around July last year. In August, Trump imposed a 50 per cent tariff on several Indian goods, including a 25 per cent punitive duty for India's purchases of Russian oil.

The two sides have been working toward a broad bilateral trade agreement, as well as a more limited framework deal aimed at easing the impact of the 50 per cent tariffs on Indian exporters. Both missed a 2025

“fall” deadline for the framework agreement despite more than six rounds of negotiations. Officials have cited India’s reluctance to halt purchases of Russian crude, US demands related to India’s sensitive agricultural sectors, and disagreements over reciprocal tariff rates.

Lutnick said he believed a deal with India would eventually “work out”, but noted that other countries had moved faster. India later sought a tariff rate between the 10 per cent agreed with the UK and the 20 per cent agreed with Vietnam, but that offer had lapsed, he said.

“And now when they say, I want a deal between the UK and Vietnam, because that’s what I negotiated... I said then, and not now,” Lutnick said. “India will work it out, but there’s a lot of countries and they each have their own deep internal politics, and to get something approved by their parliament, these are deeply complex things.”

Source: business-standard.com– Jan 10, 2026

[HOME](#)

India seen growing 7.4% in 2025; tax reforms, monetary policy easing buoy economy: UN economist

India's economy is expected to remain one of the fastest-growing major economies globally, with growth projected at 7.4 per cent in 2025, according to the United Nations' World Economic Situation and Prospects 2026 report.

Speaking after the report's release, UN Country Economist for India Chris Garroway said the growth projection aligns with India's strong recent performance, noting that the figure coincides with the advance estimates released this week by the Ministry of Statistics and Programme Implementation (MoSPI) for fiscal year 2025-26.

The UN expects India's growth momentum to moderate slightly in the coming years, with economic expansion projected at 6.6 per cent in 2026, followed by a marginal uptick to 6.7 per cent in 2027. According to the UN report, India's robust growth outlook is underpinned by strong private consumption and the front-loading of exports in the previous year.

However, the UN anticipates some softening in export performance next year as new tariffs take effect. The report also highlights domestic policy measures as key contributors to sustained growth.

Tax reforms and monetary easing have supported economic activity, while continued government spending on infrastructure, defence, digitalisation, and renewable energy has boosted fixed capital formation across the economy.

"These numbers are supported by assumptions of strong private consumption, as well as the front loading of exports last year, and an expected dip in the coming year as tariffs come into place. The report also cites tax reforms and monetary easing in India as one of the reasons for the continued strong growth.

The report also refers to important government spending on infrastructure, defence, digital and renewable energy projects, all of which boosted fixed capital formation in the country," Garroway said.

According to the World Economic Situation and Prospects (WESP) 2026, released by the United Nations earlier this week, the economic growth in India is projected to moderate from an estimated 7.4 per cent in 2025 to 6.6 per cent in 2026. Resilient household spending, strong public investment, and lower interest rates are expected to underpin economic activity.

While higher US tariffs may weigh on select product categories, key export segments are likely to remain largely unaffected. Moreover, strong demand from other major markets is expected to partially offset the impact, the UN report had asserted.

Trade policy uncertainty is a key near-term risk, even though recent US tariff increases on Asian economies were smaller than initially anticipated and some trade agreements have been reached.

Against that backdrop, the report underscored that navigating an era of trade realignments, persistent price pressures, and climate-related shocks will demand deeper global coordination and decisive collective action at a time when geopolitical tensions are rising, policies are becoming more inward-looking, and impetus towards multilateral solutions is weakening.

Source: thehindubusinessline.com– Jan 10, 2026

[HOME](#)

Trade, talent, tech on table as Friedrich Merz's visit begins on Monday

During German Chancellor Friedrich Merz's two-day visit to India, which begins on Monday, India and Germany are set to sign several agreements spanning sectors such as defence, mobility, education and skilling — including the teaching of German in more Indian schools — investment, critical technology supply chain, green energy, and semiconductor, as Berlin is keen to double its trade with New Delhi from the current level of a little over \$50 billion, with the India–European Union (EU) free trade agreement (FTA) on the anvil.

As many as 25 chief executive officers (CEOs) of top German companies will accompany Merz to India. The German Chancellor, who is eight months into his job, will meet Prime Minister (PM) Narendra Modi in Ahmedabad on Monday, where he will also visit the Sabarmati Ashram. On Tuesday, Merz will be in Bengaluru, where he will visit the Indian Institute of Science and German firm Bosch's offices.

Merz's January 12–13 visit to India will be his first to Asia as German Chancellor and is also significant as it comes a fortnight before top EU leaders visit India later this month, when they are to be the chief guests at this year's Republic Day parade and the two sides are slated to sign the India–EU FTA on January 27. Germany has been strongly backing the FTA.

Germany is India's largest trading partner in the EU, and bilateral trade in goods and services between the two countries reached \$51.23 billion in 2024–25. During his visit to India in September, German Foreign Minister Johann Wadephul met the PM and later said his country is keen to double bilateral trade, which currently stands at a little under 31 billion euros. In recent months, especially after the US increased tariffs on Indian goods to 50 per cent, New Delhi has explored diversifying its export markets.

Germany is also keen to host more skilled labour from India, including for caregiving, nursing, and craftsmanship, as well as students. There are 300,000 Indian passport holders in Germany, including almost 60,000 Indian students, making them the largest group of international students in the country. The number of Indian students in Germany has doubled over the past five years.

“Indian skilled workers in Germany are successful in their jobs, earn above-average incomes, and show above-average integration. They are an asset for the German labour market,” Wadephul had said during his September visit. In 2024, almost a third of all student visas issued globally were issued in India.

However, Germany is keen to improve and enhance the language training on offer for these migrations, including expanding infrastructure for German language tuition and language exams, as well as teaching German as a foreign language in Indian schools, from 58 partner schools currently to 1,000 schools soon.

India and Germany signed the Comprehensive Migration and Mobility Agreement on December 5, 2022. The two countries will also look to further intensify higher education collaboration by offering joint and dual programmes. Currently, seven such agreements exist, with 300 students enrolled. The two countries are working to deepen their voluntary education and training cooperation.

Under the India-Germany Green and Sustainable Development Partnership, launched in May 2022, Germany has committed 10 billion euros, with 1.24 billion euros pledged in December 2025, in sectors such as green urban mobility, clean energy, resource management, and infrastructure. Projects include the Nagpur Metro Rail, green energy corridors in five states, and the integrated water transport project in Kochi.

The two sides will look to expand cooperation in green hydrogen, green energy financing, and biofuels. India is also keen to seek German assistance in the semiconductor manufacturing sector.

Germany accounts for roughly one-fourth of India’s trade with the EU, reinforcing its position as New Delhi’s leading EU trading partner. Indo-German trade in services rose by 12.5 per cent in 2024–25 (FY25), reaching a record \$16.65 billion. Germany is the ninth-largest foreign direct investor in India, with cumulative foreign direct investment inflows of \$15.4 billion from April 2000 to June 2025. German investment in India during FY25 accounted for \$469 million. More than 2,000 German companies currently operate in India, while more than 215 Indian companies operate in Germany.

In the defence sector, with the easing of export controls and expeditious clearance of cases, defence exports from Germany to India have increased. Germany will deploy a German Navy liaison officer to the Information Fusion Centre — Indian Ocean Region. The two sides are working on an intergovernmental agreement to supply six stealth submarines to the Indian Navy.

Subsequent to the German foreign minister's visit to India in September, Commerce and Industry Minister Piyush Goyal was in Germany from October 22 to 24.

Source: business-standard.com– Jan 11, 2026

[HOME](#)

Apparel exporters hanging by a thread amid new tariff threats

Mumbai: Just as Indian apparel factories began production for the next US fall-winter season, a looming threat of a 500% tariff risks derailing capacity utilisation. "Buyers who were earlier considering shifting some orders to India no longer want to come. They have started writing to us, asking what happens if this 500% tariff is imposed, who will take the guarantee," said Vijay Agarwal, chairman of the Cotton Textiles Export Promotion Council.

The industry is already under pressure after the US imposed 50% tariffs on India last August, marked by deep discounts, diversion of idle capacity to domestic brands and rerouting of export orders through neighbouring countries. On Wednesday, US senator Lindsey Graham said President Donald Trump has given the go-ahead for a Bill proposing 500% tariffs on countries that continue trading with Russia.

India exported apparel and textiles worth \$37 billion in the 2024-25 fiscal year, with the US accounting for 28-30% of the total. Since the US imposed 50% tariffs on Indian goods, the industry has been struggling to stay afloat. According to the Confederation of Indian Textile Industry, during April-November 2025, apparel exports grew marginally by 2.28%, while textile exports declined by 2.27%.

"The situation remains highly uncertain as far as US tariffs are concerned. But we still have to manufacture the goods. We will have to take the risk," Agarwal said. "We offered deep discounts to keep exports going, hoping the issue would be resolved soon," said Rajat Jaipuria, MD of Kolkata-based Rajalaxmi Cotton Mills, which employs around 8,000 people.

"We have now started production for fall season orders. However, a 500% tariff would effectively amount to an embargo," Jaipuria said. "We are unsure how factories can continue operating if exports to the US stop." For the fall season, US buyers have already begun exploring alternatives to Indian exporters. Tiruppur, which accounts for nearly 90% of India's knitwear exports, is already seeing signs of stress, say industry executives.

Source: economictimes.com– Jan 10, 2026

[HOME](#)

New tariff threat: Additional duties on exports will raise risks for India

The unease in India's relations with the United States (US) is showing little sign of relenting. Recent statements made by American President Donald Trump and members of his administration about India did not offer much hope. Although India's response has been restrained, as should be the case, Mr Trump last week backed a Bill that would empower him to impose a tariff of at least 500 per cent on countries buying Russian-origin uranium and petroleum products.

The Bill has bipartisan support and may not face much difficulty in getting passed, possibly in the coming days. It could seriously affect India's chances of arriving at a trade deal with the US in the near future. Thus, even if the US Supreme Court rejects the imposition of tariffs on legal grounds, India may not benefit if the proposed Bill is passed.

The Trump administration has particularly targeted India over its imports of Russian oil by imposing an additional 25 per cent tariff. It is charging a 50 per cent tariff on about 55 per cent of goods imported from India. Notably, the US did not target China, the largest importer of Russian energy with much deeper trade ties with Russia, largely because of China's ability to retaliate.

Thus, it is possible that, armed with new legal authority, the Trump administration will put more pressure on India. According to reports, India's import of Russian oil has declined significantly. India's daily purchase at the beginning of January was reported to be worth 72.92 million euros compared to the high peak of 189.07 million in July 2023.

Since prices of crude oil have been relatively soft, Indian importers could have moved away from Russian oil with comparative ease. Given what is at stake and the track record of the Trump administration, Indian oil importers should be appropriately advised by the government. As an expert aptly noted in this newspaper, a 500 per cent tariff will effectively shut out India's exports to the US. India enjoyed a goods trade surplus of \$45.8 billion in 2024 on exports of \$87.3 billion. India also exported services worth \$41.6 billion during the year, and ran a small deficit. It is not clear how the US government would impose tariffs on services. It has been argued that it might put pressure on US companies importing Indian services, possibly through additional taxes.

The possibility of imposing a 500 per cent tariff would have serious implications for the Indian economy and was reflected in the stock market's nervousness last week. Thus, it will be extremely important for India to persuade Mr Trump and his administration about its position.

Any additional tariff on exports to the US could expose India to a variety of risks, both in real economic terms and financially. Barriers in exports, to the US for instance, could seriously affect foreign investment flows — both portfolio and direct.

Foreign portfolio investors last year sold Indian stocks worth about \$19 billion, one of the reasons why the rupee has been under pressure. More broadly on the trade front, India is expected to close a deal with the European Union (EU) in the coming weeks. However, engagement with the EU should not distract Indian policy managers from the US. The removal of the additional tariff threat and a trade deal with the US in the near future will remain critical.

Source: business-standard.com— Jan 11, 2026

[HOME](#)

Spain, Germany, Belgium, Poland emerging as key export destinations for India within EU

New Delhi, Spain, Germany, Belgium, and Poland are emerging as stable and key export destinations for Indian goods within the 27-nation European Union bloc, according to the commerce ministry data.

The data showed that Spain stands out as a high-growth European market for Indian exports.

Exports to Spain rose by over 56 per cent during April-November this fiscal to USD 4.7 billion from USD 3 billion in the same period of the previous financial year.

Spain's share in India's total exports rose to 2.4 per cent, with a notable gain of 0.5 percentage points, the highest share increase among European partners in the period.

Similarly, India's exports to Germany increased 9.3 per cent from USD 6.8 billion to USD 7.5 billion during the eight months of this fiscal.

"With a 2.6 per cent share in India's total exports and a positive share gain of 0.2 percentage points, Germany continues to provide stable demand for Indian products," an official said.

The country's shipments to Belgium edged up from USD 4.2 billion to USD 4.4 billion during April-November 2025-26.

India's exports to Poland grew 7.6 per cent to USD 1.82 billion during the period from USD 1.69 billion in April-November 2024.

"Taken together, these trends highlight a nuanced European strategy for India's exports. Rapid growth in Spain, steady expansion in Germany, and resilience in Belgium reflect a balanced export profile combining market diversification from traditional markets and consolidation in mature economies," the official said.

With India and the EU negotiating a free trade agreement, the bilateral trade between the two is expected to register healthy growth despite the global economic uncertainties.

India's bilateral trade in goods with the EU was USD 136.53 billion in 2024-25 (exports worth USD 75.85 billion and imports worth USD 60.68 billion), making it the largest trading partner for goods.

The EU market accounts for about 17 per cent of India's total exports, and the bloc's exports to India constitute 9 per cent of its total overseas shipments.

Indian goods' exports to the EU, such as ready-made garments, pharmaceuticals, steel, petroleum products, and electrical machinery, can become more competitive if the pact sails through.

Source: economictimes.com– Jan 11, 2026

[HOME](#)
