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Currency Watch			
USD	EUR	GBP	JPY
90.44	105.03	121.11	0.57

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INTERNATIONAL NEWS

China's US Exports Plunge 30% in December as Trade Surplus Hits Record $1.18T

China's exports to the U.S. tanked 30 percent to $34.2 billion in December, closing out a turbulent year for trade between the two countries.

The December total marks China's second-steepest annual drop in monthly outbound shipments to the country after August's 33.1 percent plunge, and represents the ninth straight month of declines since the U.S. first slapped tariffs on the country in April.

For the full year, outbound shipments to the U.S. totaled $420 billion, a 20 percent decline from 2024 numbers.

But the rocky relations have not stopped China from recording its biggest annual trade surplus ever, coming in at $1.18 trillion across 2025, according to China's General Administration of Customs. The annual data follows last month's revelation that China's trade surplus surpassed the $1 trillion mark for the first time.

Powering the surplus, China's exports across all nations increased 5.5 percent to $3.77 trillion, illustrating the sourcing superpower's adjustments to the tariffs.

"Trade partners are more diversified, and the ability to resist risks has significantly increased," said Wang Jun, a vice minister at China's customs administration, during a Wednesday press briefing.

On a monthly basis, China's exports globally increased 6.6 percent to $357.8 billion, well surpassing the 3 percent increase expected by economists polled by Reuters.

In December, China's exports to the European Union and the Association of Southeast Asian Nations (ASEAN) rose 11.6 percent and 11.1 percent to $51.9 billion and $66.4 billion, respectively.

Exports to Vietnam totaled $18.9 billion for the month, a 20.5 percent increase, while shipments to Thailand jumped 20.7 percent to $10.4 billion.

As India and China seek to improve ties, the former imported 22.1 percent more goods than it did the year prior, taking in $12.8 billion for the month. Latin American countries also saw near-double-digit spikes in goods from China, at 9.8 percent to $25.7 billion.

Across all of 2025, ASEAN trade partners Vietnam and Thailand were two of the biggest beneficiaries of the shifts in U.S. trade policy. China's exports to Vietnam increased 22.4 percent for the full year to $198.1 billion, while shipments to Thailand escalated 20.3 percent to $103.5 billion.

Vietnam's exports to the U.S. increased 28.1 percent to $153.1 billion across 2025 as the country took on a larger role as an American trade partner. But the country has also been an alleged transshipment hub for Chinese exporters to skirt the U.S. tariffs.

Collectively, African markets saw the largest annual increase in imported goods from China in 2025, at 25.8 percent. For the year, China exported $225 million in goods to the continent.

China has done plenty of maneuvering since early 2025 as the tariffs against the country shifted multiple times.

After President Donald Trump's "Liberation Day" announcement on April 2 tacked on 34 percent additional duties on Chinese exports, the figure escalated to a 104-percent total duty days later. The countries came to a trade truce in May by knocking the tariffs down to 55 percent.

The average U.S. tariff on Chinese exports sits at 47 percent after a deal was made between Trump and his counterpart President Xi Jinping in October, which cut down fentanyl-related tariffs on Chinese goods from 20 percent to 10 percent.

U.S. ports have continued to be impacted by the slowing cargo from China into the country. According to the Global Port Tracker from the National Retail Federation (NRF) and Hackett Associates, inbound cargo volume is projected to decrease 6.6 percent year over year in December to 1.99 million 20-foot equivalent units (TEUs).

China's top ports handle record throughput in 2025

The overflow of goods leaving China is reflected in the data from the country's two largest seaports, which also happen to handle the most and third-most containers in the world.

The Port of Shanghai saw a throughput of 55.1 million TEUs throughout 2025, a 6.9 percent increase from the year prior.

Throughput at Yangshan Deep-Water Port, the port's core facility, increased by a more robust 10.4 percent and accounted for more than 52.2 percent of the port's total container volume—a larger share than the 50.5 percent experienced in 2024.

In the second half, the Yangshan port implemented a synchronized berthing and unberthing cycle that timed the arrivals and departures of three vessels at a time based on tidal windows.

Since its introduction, the method has reduced vessel turnaround times by an average of two hours per port call and unlocked additional handling capacity equivalent to 1.08 million TEUs.

International transshipment volume reached 7.91 million TEUs, up 10.6 percent, reflecting the Port of Shanghai's growing role as a global transshipment hub.

As for China's second-largest port, the Port of Ningbo-Zhoushan handled more than 43 million TEUs across 2025, a 9.4 percent increase over 2024 numbers. In total, the throughput amounted to more than 1.4 billion metric tons of cargo.

Source: sourcingjournal.com– Jan 15, 2026

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Trump Deems USMCA 'Irrelevant' as Trade Deal Faces Renegotiation

President Donald Trump is generating political backlash and industry anxiety after branding the trilateral trade agreement between North American allies "irrelevant."

Speaking during a visit to a Ford auto plant in Dearborn, Mich. on Tuesday, Trump indicated to an audience of employees and reporters that the U.S-Mexico-Canada Agreement, which he brokered during his first term, is not a priority within his trade policy agenda.

"There's no real advantage to it, it's irrelevant," he said. "Canada would love it. Canada wants it. They need it."

"It expires very shortly and we could have it or not," he added. "It wouldn't matter to me. I think they want it. I don't really care about it."

The comments were mostly made in relation to the automotive supply chain. "The problem is, we don't need their product. You know, we don't need cars made in Canada. We don't need cars made in Mexico. We want to take them here. And that's what's happening," Trump added during his tour of the plant.

The auto makers, by contrast, have characterized the industry as one that has grown deeply collaborative, with partners integrated across the continent. General Motors president Mark Reuss said Tuesday that the company's supply chain encompasses all three countries. "It's not simple. It's very complex. The whole North American piece of that is a big strength," he added.

Meanwhile, textile, apparel and footwear industry groups have been lobbying in recent months for an extension of the USMCA, echoing similar sentiments.

At a hearing held by the Office of the U.S. Trade Representative last month, American Apparel and Footwear Association vice president of trade and customs policy Beth Hughes said the agreement enables the success of the regional supply chain for fashion products, "setting clear and predictable ground rules and articulating a long-term incentive structure that powers jobs, investments, and regional trade."

National Council of Textile Organizations (NCTO) vice president of policy Katherine White applauded the Trump administration for exempting USMCA-qualifying products from the International Emergency Economic Powers Act tariffs and urged the government to maintain this exemption.

Some of the president's political opponents challenged his dismissive statements about the trade agreement and its importance to trade in the Western Hemisphere.

Congresswoman Rosa DeLauro (D-Conn.) criticized the president for not prioritizing the renegotiation of the bill as it comes up for joint "sunset" review in July. If extended, USMCA will remain in place for 16 years, but Trump has repeatedly threatened to pull out of the pact as tensions have flared with Mexican and especially Canadian leadership over the past 12 months.

"I led 104 Democratic members of Congress in urging renegotiation of USMCA because it is failing American workers. President Trump's claims that it is 'irrelevant' show that he remains in the pockets of big business which is happy with the status quo," she said.

USMCA—which Trump once referred to as "historic" and "the best deal ever"—has exacerbated trade imbalances and undermined American industry," DeLauro asserted.

"Since enactment of the USMCA, multinational corporations have continued to use the threat of offshoring as leverage wielded against workers standing up for dignity on the job and a share of the profits generated by their hard work—and far too often, enabled by our trade deals, companies have acted on these threats," she said.

According to data from the Economic Policy Institute, the trade gap between the U.S. and its neighbors has widened significantly, reaching $263 billion in 2025, up from $125 billion in 2020.

Despite the president's stated aim of ushering in an American manufacturing renaissance, producers in the U.S. furloughed over 576,000 jobs since the agreement was signed into law. The nonpartisan think tank asserted that Mexico's low wages and laxer worker rights laws and environmental standards have facilitated the offshoring of jobs.

“If President Trump does not commit to renegotiating USMCA in a bipartisan fashion to strengthen worker protections, American workers will continue to pay the price,” DeLauro said.

However, Trump has backed away from talks with Mexican and Canadian leaders about the future of the USMCA, and the talks have all but stalled. The president has doubled down on rhetoric surrounding potential military action against Mexico’s drug cartels recently, especially in the wake of the operation that saw Venezuelan leader Nicolas Maduro abducted and put on trial in the U.S. Mexican President Claudia Sheinbaum reportedly spoke to Trump by phone on Monday and rejected his offer to send troops into Mexico to engage with the cartels, seeking instead to emphasize the success of joint U.S.-Mexico efforts to curb the smuggling of fentanyl across the border.

Trump’s trade policy throughout his second term in office has revolved around invoking sanctions, like tariffs, rather than striking mutually beneficial deals with trade partners, and he appears wholly focused on defending the strategy as it faces scrutiny by the Supreme Court. A decision on the fate of the tariffs could have come Wednesday, but the day came and went without a ruling.

According to Trump, the duties have helped alleviate deep trade imbalances. Last week, he wrote on Truth Social that the U.S. trade deficit has decreased, hitting its lowest level since 2009. The nation’s gross domestic product (GDP) is projected to come in at over 5 percent, he claimed. On Wednesday, however, the Federal Reserve Bank of Atlanta’s GDPNow forecast for Q4 2025 was updated with a 2.1 percent growth estimate.

“These incredible numbers, and the unprecedented SUCCESS of our Country, are a direct result of TARIFFS, which have rescued our Economy and National Security,” Trump wrote.

Source: sourcingjournal.com– Jan 14, 2026

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US Supreme Court skips tariff ruling, no next date announced

The US Supreme Court yesterday did not rule on the highly-anticipated legal challenge to President Donald Trump's global tariffs, nor did it indicate when it would take up the case or announce the next date of rulings.

Months after assuming office for a second term, Trump imposed sweeping tariffs on trading partners under the International Emergency Economic Powers Act that led to the challenge questioning his presidential authority and the legality of the tariffs.

A few days back, Trump said any decision striking down his tariffs would be disaster for the United States.

The higher tariffs forced many businesses to continue operations with leaner inventories, with the drop in Chinese trade the most severe.

If the Court rules that the tariffs are illegal, imports to the United States are expected to rise and the Court of International Trade has the authority to require refunds are paid to US importers and retain jurisdiction over claims for refunds for a two-year statute of limitations period.

But the same time, the US administration has said that if the Supreme Court rules against the tariffs, a plan is already in place to implement tariffs using other legal provisions.

Source: fibre2fashion.com– Jan 15, 2026

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Innovation Becomes Essential for Textile Industry Facing Global Challenges

Innovation is increasingly the textile industry's go-to answer to a messier operating environment—economic uncertainty, geopolitical volatility and tighter investment conditions that leave little room for business-as-usual bets. That reality was underscored at Heimtextil 2026 in Frankfurt, Germany, this week.

But how can innovation thrive amid upheaval? According to the parent trade organization Messe Frankfurt, Techtextil and Texprocess 2026 will provide the answers.

During a panel hosted by sustainability moderator Merle Becker, industry heavyweights explored how the sector's transformation—from artificial intelligence (AI) and automation to sustainable materials and digital development processes—is becoming a strategic resource.

In a nutshell? Innovation was framed as less than a nice-to-have and more as the mechanism that's keeping transformation on track when capital and confidence are constrained.

"Especially in times of restrained investment, it becomes clear just how crucial innovative strength is," said Olaf Schmidt, Messe Frankfurt's vice president of textiles and textile technologies. "Techtextil and Texprocess are the places where ideas are not only presented but further developed into market-ready solutions; the Innovation Awards make this innovative strength tangible—giving new technologies visibility, credibility and often the decisive impetus needed to turn research into concrete industrial applications and partnerships."

The VDMA, a European trade group for machinery and manufacturing equipment, emphasized how companies can remain competitive despite global challenges.

"Today, innovation serves both as a lever for efficiency and a driver of growth," said Elgar Straub, the VDMA's managing director of textile care, fabric and leather technologies. "Digitalization, automation and AI enable companies to conserve resources, produce flexibly and reposition themselves more effectively and competitively."

The extent to which digital processes are already transforming development and production was illustrated by insights from industry practice. From virtual prototyping to real-time supply chain monitoring, these digital tools can optimize efficiency while enabling greater manufacturing customization and flexibility.

“Three-dimensional design, virtual prototyping and AI drastically shorten development cycles and reduce material use,” said Walter Wählt, senior director of advanced creations, apparel pattern and digital creation, at Adidas. “Yet despite all the technological momentum, people remain decisive—creativity, experience and judgment cannot be automated.”

That momentum is distilled in the Techtextil and Texprocess Innovation Awards, which serve as a concentrated showcase of the ideas and technologies pushing the industry forward. By highlighting practical, scalable solutions—rather than theoretical concepts—the awards spotlight the tools and approaches most likely to drive the textile sector’s next phase of change, per the panelists.

The vital role that research and advanced materials play in making sustainability viable was also underlined.

“Sustainability, particularly when applied to high-performance materials and products, only becomes economically viable through a virtuous tandem of research and innovation. Recycling technologies, circular solutions or entirely new materials are meaningless if they remain confined to the lab,” said António Braz Costa, general manager of Portugal’s Technological Centre for Textiles and Clothing (CITEVE) organization and chairman of the Techtextil Innovation Award. “What matters is their translation into real industrial processes.”

The awards knit these shifts into a sharper snapshot of where the industry is headed. They show technical textiles, nonwovens and textile processing as moving forward with AI, next-gen materials and cleaner production—signaling that innovation is no longer optional but a competitive edge. The winning projects also capture what both trade fairs are trying to do: connect research, technology and real-world application so promising ideas become market-ready solutions to global problems, according to Braz Costa.

"Trade fairs such as Techtextil and Texprocess—and the Innovation Awards themselves—are critical in bridging research and the market," he said.

Techtextil and Texprocess 2026 will take place from April 21-24, with the winners of the Techtextil and Texprocess Innovation Awards announced the week prior.

Source: sourcingjournal.com– Jan 15, 2026

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ICE cotton remains rangebound despite positive WASDE report

ICE cotton futures remained rangebound and closed with mixed trend. Bullish USDA's World Agricultural Supply and Demand Estimates (WASDE) report counter-balanced persistent selling pressure and technical resistance near the 65-cent level. Recent WASDE report supported market sentiment, but current demand was not so positive.

The most actively traded March cotton contract rose 0.11 cents or 0.17 per cent to settle at 64.99 cents per pound. The rest of the future contracts noticed mixed trend, closing between 9 points higher to 15 points lower, highlighting the lack of strong directional conviction among market participants.

Total trading volume for the session reached 51,325 contracts, a noticeable slowdown compared with the higher volumes recorded over the previous seven consecutive sessions. Meanwhile, 64,043 contracts were cleared from the prior trading day, indicating continued elevated participation despite the lighter daily volume.

Market sentiment remained divided. Some technical analysts pointed to bullish divergence, suggesting the potential for a price reversal and stabilisation at current levels. In contrast, others cited bearish divergence and trendline rejection, warning that prices could face renewed downward pressure if resistance continues to hold.

Market analysts commented that cotton prices appear comfortable trading around the 65 cents per pound level. Futures traded above 65 cents earlier in the week and are now holding steady. The latest supply and demand figures are "somewhat favourable" for the market.

According to the January supply and demand report released earlier in the week by the USDA, estimates for US cotton beginning stocks, domestic consumption, exports, and imports were left unchanged. However, the agency revised US cotton production downward by more than 2 per cent, lowering output to 13.9 million bales.

Data released by ICE indicated that deliverable No. 2 cotton stocks eligible for futures delivery remained unchanged at 11,029 bales as of January 13, suggesting stable certified inventory levels.

On the macroeconomic front, data released Wednesday showed that US producer prices rose modestly in November, largely driven by a surge in gasoline costs. At the same time, US retail sales increased more than expected, pointing to continued resilience in consumer demand.

Additional insight from the Federal Reserve Beige Book indicated that economic activity expanded in most regions of the United States in recent weeks, while employment conditions remained largely unchanged, offering a broadly neutral backdrop for commodity markets, including cotton.

This morning (Indian Standard Time), ICE cotton for March 2026 was settled at 64.91 cents per pound (down 0.08 cent), cash cotton at 62.74 cents (up 0.11 cent), the May 2026 contract at 66.46 cents (down 0.04 cent), the July 2026 contract at 67.87 cents (down 0.04 cent), the October 2026 contract at 68.45 cents (up 0.06 cent) and the December 2026 at 69.25 cents (down 0.07 cent). A few contracts remained at their previous closing levels, with no trading recorded so far today.

Source: fibre2fashion.com– Jan 15, 2026

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From tariff shocks to AI shopping, lessons from a year of two halves in fashion

As 2025 drew to a close, the global fashion and apparel industry gave a reminder that recovery is rarely uniform. What initially appeared to be a strong holiday quarter ultimately revealed a market split along clear lines. The final quarter of FY 2025, spanning October to December, underscored that festive demand alone was not enough to guarantee success. Instead, performance gravitated toward companies that balanced aspirational branding with disciplined pricing and near-flawless inventory control.

Rather than lifting the sector as a whole, the much-anticipated festive surge rewarded a narrower cohort of retailers, those capable of translating consumer caution into profitable demand. Shoppers were willing to spend, but only where value, perceived quality, and relevance converged.

The December quarter unfolded as a competitive contest for a consumer increasingly attuned to discounts yet unwilling to compromise entirely on brand or experience. In the US, spending remained steady but selective, shaped by inflation fatigue and lingering uncertainty around tariffs. Meanwhile, the UK and parts of continental Europe benefited from a timely cold spell that revived demand for winter assortments that had weighed on inventories earlier in the year.

The contrast in outcomes becomes clear when examining the Q4 performance of leading global players.

The table reflects an industry increasingly defined by execution rather than exposure. Inditex's performance reaffirmed the strength of its vertically integrated model, with timely inventory alignment allowing Zara to capitalise on early winter demand across Europe. Next PLC's results highlighted the resilience of full-price selling in an otherwise promotion-heavy market, while Gap Inc. and Abercrombie demonstrated that brand reinvention can still unlock growth even in mature retail landscapes.

Luxury and sportswear followed parallel but distinct trajectories. LVMH relied on the continued desirability of Louis Vuitton and Sephora to offset softer performance at Dior, while Nike's relative stability came from targeted growth in women-led sports categories rather than broad-based demand.

FY 2025 in Retrospect

Viewed across the full financial year, 2025 marked a turning point for the global fashion industry. The opening quarters were weighed down by tariff anxieties, fragile consumer confidence, and lingering inventory imbalances. Yet the second half of the year brought a measurable shift in tone, as companies tightened operations and recalibrated growth expectations.

Overall, the global fashion market grew an estimated 3 to 4 per cent in 2025, modest by historical standards but notable given the volatility that defined the year. Growth was no longer driven by store expansion or aggressive discounting. Instead, it came from improved gross margin discipline, cleaner assortments, and a renewed emphasis on profitability over volume.

Market leaders such as Inditex and Next sustained double-digit full-price sales growth, while turnaround narratives most notably Gap Inc. proved that brand relevance remains a powerful counterweight to macroeconomic pressure. Across the board, management teams showed a clear preference for earnings quality, resisting the temptation to chase top-line growth at the expense of balance-sheet health.

In the US specialty retail finds its voice again

In the US, Q4 marked a quiet resurgence of specialty retail. Brands that communicated clearly, priced transparently, and offered distinct product stories emerged as winners in a crowded marketplace.

Gap Inc.'s performance encapsulated this shift. Reporting its eighth consecutive quarter of positive comparable sales, the company benefited from a sharpened focus on everyday staples enhanced with trend-led updates. High-impact social media campaigns helped reconnect the brand with younger consumers who had drifted toward ultra-fast fashion platforms.

Abercrombie & Fitch delivered one of the season's most convincing validations of strategic repositioning. Its transition toward elevated casualwear translated into record holiday sales and reaffirmed full-year growth, signalling that its multi-year brand reset has achieved durability rather than novelty.

The UK and Europe saw agility on a pressured high street

Across the UK and Europe, agility proved decisive. Next PLC emerged as a standout by navigating cost-of-living pressures with a highly integrated omnichannel model that blended digital efficiency with store-led fulfilment. Strong fourth-quarter trading prompted multiple upgrades to full-year profit guidance, reinforcing investor confidence in its operating model.

THG Beauty added a layer of innovation to the festive race. Its Lookfantastic brand recorded a sharp spike in UK sales, aided by an unconventional partnership with Uber Eats that captured last-minute gift demand. The move illustrated how speed and convenience have become critical differentiators even within premium beauty retail.

Strategic fault lines in 2026

As the entered 2026, uncertainty has not disappeared, it has merely shifted shape. Tariffs remain the most immediate concern, particularly in the U.S., where apparel duties fluctuated sharply toward the end of 2025. Many brands have already absorbed between 100 and 190 basis points of margin impact, prompting renewed urgency around supply chain diversification.

Near-shoring is expected to increase, with production gravitating toward Mexico, Central America, Turkey, and North Africa as companies seek insulation from policy volatility. At the same time, signs of fatigue are emerging within ultra-fast fashion. Late-2025 data suggests consumer spending is gradually rotating back toward domestic value retailers as quality, fit, and ethical considerations regain importance.

Overlaying these shifts is the rapid advance of artificial intelligence. The coming year is poised to usher in early forms of ‘agentic commerce’ where AI-driven shopping assistants evaluate products on attributes ranging from fabric composition to carbon footprint. Retailers that fail to make their assortments machine-readable risk invisibility in this new discovery ecosystem.

The close of 2025 offers a clear lesson: the middle of the market has not vanished, but it has evolved. Scale alone no longer guarantees success, nor does relentless discounting. Competitive advantage now lies in data intelligence, brand clarity, and operational restraint.

As LVMH chairman Bernard Arnault observed in his year-end reflection, desirability remains the most effective defence against macroeconomic noise. In an industry navigating slower growth and sharper scrutiny, that principle appears set to define the winners of the next cycle.

Source: fashionatingworld.com– Jan 15, 2026

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Vietnam is winning the apparel war; Bangladesh is still fighting the last one

Bangladesh today stands at a historic crossroads. As the world's second-largest exporter of readymade garments by value, the country appears strong and confident on the global stage. Yet beneath the impressive headline numbers lies an uncomfortable and increasingly unavoidable reality: Vietnam, not Bangladesh, is shaping the future of global apparel trade. The warning signs are already visible, most clearly in the United States market and in man-made fiber apparel. With Bangladesh approaching graduation from Least Developed Country status, the competitive environment will soon become far harsher. If Bangladesh fails to recalibrate its export strategy urgently, it risks losing ground rapidly in the post-LDC era.

In 2024, Bangladesh exported apparel worth $38.48 billion, marginally ahead of Vietnam's $33.94 billion, confirming Bangladesh's position as the world's second-largest apparel exporter after China. At first glance, this suggests Bangladesh is winning the race. However, global trade leadership is not determined by aggregate export values alone. It is defined by where exports go, what products are exported, and under what trade rules those exports enter destination markets.

Nowhere is this distinction clearer than in the United States, the world's single largest apparel import market. In 2024, Vietnam exported nearly $15 billion worth of apparel to the US, while Bangladesh exported just over $7 billion—less than half of Vietnam's figure. Despite Bangladesh exporting more garments globally by quantity, Vietnam exports almost twice as much apparel to the US by value. This disparity is not coincidental. It reflects Vietnam's superior product mix, higher unit prices, stronger buyer integration, and closer alignment with evolving consumer demand. Over recent years, Vietnam has steadily increased its share of the US apparel market, while Bangladesh's position has remained largely stagnant.

Bangladesh's strength, by contrast, lies overwhelmingly in the European Union market. In 2024, Bangladesh exported nearly $20 billion worth of apparel to the EU, far exceeding Vietnam's exports to the same destination. This dominance, however, is built largely on temporary trade privileges rather than permanent competitiveness. Bangladesh currently enjoys duty-free and quota-free access to the EU under a scheme reserved for least developed countries. With graduation from LDC status scheduled in 2026, these benefits will expire after a transition period toward the end of the decade. Once preferences end, Bangladeshi apparel exports to the EU could face tariffs of around 12 percent unless the country secures alternative preferential arrangements.

Vietnam, meanwhile, has already insulated itself from this risk. Through its free trade agreement with the European Union, Vietnamese apparel exports are enjoying steadily reduced tariffs, with full tariff elimination scheduled within the next few years. As a result, Vietnam will continue exporting duty-free to the EU long after Bangladesh loses its current preferences. The competitive implications of this shift are profound and unavoidable.

The most structural and decisive difference between Bangladesh and Vietnam, however, lies not only in market access but in what they produce. Globally, the bulk of apparel demand growth now comes from man-made fiber products such as sportswear, athleisure, outerwear, and technical clothing. Vietnam aligned itself early with this transformation. Today, the majority of its apparel exports, particularly to developed markets, are non-cotton, man-made fiber-based products.

Bangladesh, by contrast, remains heavily dependent on cotton apparel. Nearly three-quarters of its apparel export value still comes from cotton-based garments, with man-made fiber products accounting for less than one-third. This imbalance directly affects export earnings and competitiveness. On a per-unit basis, Vietnam earns almost double what Bangladesh earns from comparable apparel items in the European market. Vietnam is not exporting more shirts; it is exporting better, more functional, and significantly higher-value garments.

Vietnam’s success in man-made fiber apparel is reinforced by its strong backward linkages. The country has invested heavily in synthetic fiber production, fabric mills, dyeing, and finishing facilities. Much of this investment has been driven by foreign direct investment from East Asian manufacturing powerhouses. Bangladesh, in contrast, continues to import the majority of its man-made fiber raw materials, creating longer lead times, higher costs, and greater vulnerability to supply chain disruptions. This structural weakness will become even more critical after LDC graduation, as future trade preferences impose stricter rules of origin that often require fabric-stage production domestically.

Vietnam's greatest advantage, however, is not cost or scale—it is trade certainty. Vietnam is embedded in a dense network of regional and bilateral free trade agreements that collectively provide preferential access to markets representing more than half of global GDP. Bangladesh, by contrast, has yet to secure a comprehensive free trade agreement with any of its major apparel markets. As LDC privileges fade, this strategic gap will become brutally apparent.

Bangladesh is not losing yet—but it is running out of time. To remain competitive in the post-LDC world, the country must urgently accelerate investment in man-made fiber and technical apparel, build strong backward linkages in synthetic textiles, secure preferential trade arrangements with key markets, diversify beyond basic cotton products, and attract strategic foreign direct investment rather than fearing it. Vietnam did not wait to lose preferences before acting. Bangladesh is still waiting.

In the global apparel trade, volume without strategy is vulnerable. Vietnam understood this early. Bangladesh must understand it now—before the tariff walls rise and the market moves on. The apparel war is not about who exports more today. It is about who is prepared for tomorrow.

Source: textiletoday.com.bd– Jan 14, 2026

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Garment exporters see brighter outlook as election nears

American buyers are tapping the shoulder of Bangladeshi apparel makers. While exchanging new year greetings, Canadian buyers are also asking them how things are going. Local manufacturers say they are receiving phone calls and emails from buyers in Europe as well.

With less than a month to go before the national elections scheduled for February 12, local garment exporters say big business may be around the corner, as the polls are expected to calm frayed political nerves and improve overall law and order.

“Of course, the election is a major factor in restoring buyers’ confidence, as political stability is expected after the polls,” said Mostofa Q Sobhan Rubel, chairman of Dragon Group.

Rubel said his company is seeing a rise in inquiries, particularly from US and Canadian buyers for sweater items.

He said orders are increasingly shifting from China to Bangladesh after US reciprocal tariffs on Chinese goods climbed to nearly 50 percent.

Meanwhile, global conditions are also showing signs of improvement as inflation eases and supply chains gradually normalise. Rubel said he expects his exports to grow by about 30 percent this year, up from $20 million in 2025.

Exporters say prolonged political uncertainty, labour unrest in industrial zones months after the uprising and lingering aftershocks pushed many international buyers into a wait-and-see stance, delaying or trimming orders. With the election now in sight, those deferred orders are slowly resurfacing.

That tentative return of buyer interest comes after a subdued year for the local apparel sector.

In the recently concluded 2025, the country’s garment exports rose by just 0.88 percent to $38.82 billion, from $38.48 billion a year earlier, according to the Export Promotion Bureau (EPB). The slight increase reflects the combined impact of domestic disruptions and weak global demand.

The improving outlook is also being shaped by easing global pressures.

Inflation in major economies has cooled, and supply chains are stabilising after years of disruption caused by the Covid-19 pandemic, the Russia-Ukraine war and ongoing conflicts in the Middle East, which had dampened apparel demand worldwide.

According to exporters, Bangladesh's position in global sourcing has strengthened further due to tariff differences in the US market.

The reciprocal tariff on Bangladeshi garments currently stands at 20 percent, lower than rates imposed on some competitors, including India and China, where duties have climbed close to 50 percent.

Even so, shipments to the US, Bangladesh's largest single country export destination, slowed during the peak months of September to November last year, when orders usually rise ahead of the Christmas season.

Exporters linked the slowdown to a front-loading of shipments earlier in the year.

Between January and April last year, before revised tariff rates took effect, the average duty on Bangladeshi garment exports to the US was around 16.5 percent.

Anticipating higher tariffs later, exporters rushed consignments during that period. Many US retailers then pared back imports in the second half of the year as inventories piled up.

Tariff uncertainty eased after negotiations with Washington. The reciprocal duty was scaled down to 20 percent, restoring a degree of predictability for buyers and suppliers.

Against this backdrop, apparel manufacturers are upbeat about the 2026 export outlook.

MA Jabbar, managing director of DBL Group, said the formation of an elected government would help rebuild confidence across the supply chain, from factory owners to global retailers and investors.

DBL exported $506 million worth of garments in 2025 and is targeting about 10 percent growth in 2026, after exports slipped from $520 million in 2024.

Industry leaders, however, also said that political stability alone will not guarantee a sustained rebound.

Humayun Rashid, chairman of Energypac Fashions Ltd, said persistent challenges in energy supply, port and logistics efficiency, banking sector health and international connectivity continue to weigh on competitiveness.

He added that concerns over Bangladesh's global image also remain an issue for some buyers.

Addressing ease of doing business is critical if the sector is to turn this short-term recovery into long-term growth, Rashid said.

Faisal Samad, a director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said international retailers and brands are likely to scale up orders once political stability returns, but structural reforms will determine how durable that recovery proves to be.

Source: thedailystar.net– Jan 16, 2026

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NATIONAL NEWS

India, EU likely to conclude much awaited FTA talks on January 27

India and the European Union (EU) are likely to announce the conclusion of talks for the much awaited free-trade agreement (FTA) on January 27 during the visit of the bloc's leadership.

"We are expected to conclude the negotiations and have the deal ready. Signing, I think, is unlikely, but definitely we can have the deal ready. There can be some kind of announcement at that point, but that will depend upon how the progress is in the next five days," commerce secretary Rajesh Agrawal told reporters on Thursday.

During the three-day (January 25-27) state visit, President of the European Council, António Luís Santos da Costa and the President of the European Commission Ursula von der Leyen will co-chair the 16th India-EU Summit in New Delhi along with Prime Minister Narendra Modi and also be the chief guests at this year's Republic Day Parade.

Both sides have, so far, concluded 20 out of 24 chapters of the deal. "There are a few issues, in which negotiations are on. We are virtually engaged on a day-to-day basis. We are trying to see if we can meet the timeline — before the leaders' meeting," Agrawal said.

The agreement will cover all aspects of the deal but only 'sensitive' agriculture issues on 'both sides' are off the table, a senior government official said, referring to a European publication report stating that the deal will exclude agriculture.

Brussels-based European news website Euractiv reported that Von der Leyen told members of the European Parliament that the trade deal with India excludes agriculture.

Speaking at a meeting with her centre-right European People's Party (EPP) group on Wednesday, von der Leyen called the deal a "massive signal" for EU trade relations, despite the carve-out, adding that it had been "clear from the very beginning" that agriculture would not be included in the final package.

Sabine Weyand, the EU's top trade official, told EU ambassadors on Wednesday morning that the package agreed on agricultural tariffs privileges defensive interests on both sides, according to an EU official. She said that Brussels has reached an agreement with New Delhi on reducing 150 per cent tariffs on European wine and spirits, the official added.

India and the EU have been holding back-to-back rounds of negotiations to narrow the differences between both sides, ahead of an ambitious timeline to conclude the deal. Some of the thorny issues include India's concerns over the bloc's policies on steel- import quotas, and carbon border adjustment mechanism (CBAM) that kicked in from January 1. Lower tariffs on automobiles, wine, and agricultural products remain the bloc's key areas of interest.

During 8-9 January, Commerce and Industry Minister Piyush Goyal visited Brussels, in a decisive step forward in the India-EU FTA negotiations and in resolving pending issues. It was preceded by high-level discussions between Agrawal and the Director-General for Trade, European Commission on 6-7 January.

The meetings focused on stocktaking the progress achieved across various negotiating tracks to 'narrow divergences' and ensuring clarity on outstanding issues, the department of commerce said.

The EU is India's largest trading partner, and India's bilateral trade in goods with the EU was $ 136.53 billion in 2024-25 with exports worth $ 75.85 billion and imports of $60.68 billion.

For New Delhi, the trade deal with the 27-nation European bloc is crucial amid India-US trade negotiations having dragged on, and India exploring new export markets as the White House has imposed a 50 per cent additional tariff on its exports.

Apart from the economic benefits of the trade agreement, the EU, especially its biggest members, such as Germany and France, are keen to wean India off Russian influence. Both New Delhi and the European bloc are hopeful that their deal will help cut their mutual dependence on China.

Also on agenda

In statements issued Thursday afternoon simultaneously from New Delhi and Brussels, the headquarters of the European Commission, the two sides announced the much-anticipated visit. It will be a first for the EU leadership to be the chief guests at the Republic Day parade, the European Commission said. In New Delhi, the two will hold restricted and delegation-level talks with Prime Minister Modi. An India-EU Business Forum is also expected to be organised on the sidelines of the India-EU Summit, the Ministry of External Affairs (MEA) said.

Apart from the trade pact, the two sides are also likely to unveil a defence-framework agreement and a strategic agenda, which identifies five areas of shared interest that include security and defence, connectivity and global issues, prosperity, sustainability, technology and innovation.

“India is a crucial partner for the EU. Together, we share the capacity and responsibility to protect the rules-based international order. This meeting will be a key opportunity to build on our partnership and drive progress in our cooperation,” the European Council announcement quoted Costa, the Council’s President, as having said.

It said that Prime Minister Modi and the visiting EU leadership will aim to build on the EU-India strategic partnership and further strengthen collaboration across key policy areas. “Trade, security and defence, the clean transition and people-to-people cooperation will top the agenda of the discussions,” the European Council said.

Source: business-standard.com– Jan 15, 2026

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December trade deficit widens as imports surge 8.8%, export growth modest at 1.86%

India's goods trade deficit widened significantly in December 2025 to $25.04 billion from $20.63 billion in the previous December as exports increased 1.86 per cent (year-on-year) to $38.51 billion, while imports grew at a higher 8.8 per cent to $63.55 billion, per data released by the Commerce Department.

Exports to the US declined a marginal 1.83 per cent in December 2025 to $6.89 billion amid the 50 per cent tariffs applied by Washington on most Indian exports in August-end. "In the US we are still holding on as there is more focus on areas where tariffs are low.

Where tariffs are more, exporters are showing more resilience and holding on to supply chains," Commerce Secretary Rajesh Agrawal said at a media briefing on Thursday.

On the proposed India-US bilateral trade agreement (BTA), the Secretary said the negotiations were on in a virtual mode and efforts were on to close gaps in the "remaining issues".

In the April-December 2025-26 period, goods exports increased 2.44 per cent to $330.29 billion. The growth was propelled by sectors such as electronics, pharmaceuticals, meat and dairy, marine products, and engineering goods, Agrawal highlighted.

"Despite all the challenges we have been facing, we have maintained positive growth... This fiscal exports of goods and services are likely to cross $850 billion compared to $824 billion last fiscal," he said.

The US continued to be India's top export market in April-December 2025-26 with exports at $65.88 billion compared to $60.03 billion in the same period of the previous fiscal. The UAE was the second largest destination with exports at $28.9 billion.

China was the third largest export market for India with shipments from India in April-December 2025-26 at $14.25 billion compared to $10.42 billion in the same period last fiscal.

India's export growth to China was a welcome one although it was not due to any particular strategy, Agrawal said. "The overall recalibration of supply chains in the world is helping India in increasing its exports to China," he said.

India's goods imports in April-December 2025 increased 5.9 per cent to $578.61 billion driven by electronics, gold, machinery and non-ferrous metals.

Responding to a query on US President Donald Trump's warning of 25 per cent tariffs on countries doing any business with Iran, the Commerce Secretary said that the government was awaiting details on the proposed American measure.

Source: thehindubusinessline.com– Jan 15, 2026

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Textiles & apparel exports fall in first three quarters of FY26

Cumulative export of textiles and apparels during the first three quarters of FY26 fell 0.26% compared with the nine-month period in FY25, shows an analysis of government data.

Decline in overall textile and apparel shipments was led by a 2.19% fall in export of textiles during April-December 2025 over the previous year, even as apparel exports registered a growth of 2.36% during the same period, showed the analysis by the Confederation of Indian Textile Industries (CITI).

During December 2025, textile exports reduced 1.62% over the previous year while apparel exports expanded 2.89% during the same period. The cumulative exports of textiles and apparels during December 2025 have registered a growth of 0.40% over December 2024.

Bangladesh, which is the top destination for Indian yarn exports, has imposed restrictions on not importing yarn via land ports from April 2025. This, along with the geo-political uncertainties in Bangladesh have led to a significant drop in India's yarn and fabric exports.

"The de-growth in apparels is because of the continued uncertainty in the US and the Bangladesh markets. We had a big export of cotton yarn and fabric to Bangladesh while the major export of made ups like towels, curtains etc was to the US," said Chandrima Chatterjee, executive director, CITI.

Industry executives said apparel exporters could continue exports due to deep discounts. Exporters said bottom lines of their companies have been affected even as the top line continues to show growth.

However, individual companies, which were dependent on the US for 70-80% of their export of home textiles, have taken a big hit. "In my recent visit to the US, we have seen malls full of Pakistani made-ups," said a leading exporter of made-ups to the US, who requested not to be quoted.

Source: economictimes.com– Jan 15, 2026

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India, US officials holding virtual meetings to advance trade talks: Sources

Top trade officials from India and the US are holding a series of virtual meetings to advance the bilateral trade agreement (BTA) talks which could lead to the next round of formal negotiations, sources said.

“There is no negotiating round scheduled at the moment. But we are holding virtual meetings, some at the chief negotiators’ level, to take forward the talks. A decision on the next round of negotiations will be taken subsequently,” a source tracking the matter told businessline.

The telephonic conversation between US Secretary of State Marco Rubio and External Affairs Minister S Jaishankar on Tuesday, which also touched upon trade, added political heft to the talks, another source said. “Secretary Rubio and Minister Jaishankar discussed ongoing bilateral trade agreement negotiations and their shared interest in strengthening economic cooperation,” according to a readout issued by the US Department of State.

Positive sign

Positive signalling is important for the India-US BTA talks, which have witnessed several ups and downs through last year.

Last week, US Commerce Secretary Howard Lutnick said the India-US trade deal did not happen last year because Prime Minister Narendra Modi did not speak to US President Donald Trump about closing it.

The MEA rejected the claim and called it “inaccurate” pointing out that the two leaders had spoken eight times in 2025 and the two countries had come close to sealing the deal several times.

It is important for India to strike a deal with the US as it imposed 50 per cent additional tariffs on most Indian goods last August, which includes a 25 per cent penalty for buying Russian oil.

India’s competitors in the US market, such as Vietnam, Bangladesh and Indonesia, have already negotiated pacts with the US and face lower tariffs of 19-20 per cent.

Stance on Russia

"There are some complex issues that need to be sorted out first in the trade talks such as US' stance on Russia. India has already reduced its Russian oil purchase considerably following US sanctions imposed on some Russian oil companies late last year. This needs to be recognised by Washington. A deal can happen when the US stops penalising India for its Russian transactions, which have gone down," the second source said.

Earlier this week, US Ambassador to India Sergio Gor said the talks were difficult because of the country's size. "Remember, India is the world's largest nation. It is not an easy task to get it across the finished line. But we are determined to get there," Gor said in his address after formally taking over charge in New Delhi.

The US demand for market access for soya and corn, which are of the genetically modified (GM) variety, are also among the irritants holding back the pact.

Source: thehindubusinessline.com– Jan 14, 2026

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Exports to China rose in 2025, but trade deficit hit record high at $116 bn

India's exports to China posted a $5.5 billion increase compared to last year bucking the declining trend even as the trade deficit hit a record $116.12 billion, as per the annual trade data released by Chinese customs here on Wednesday.

Bilateral trade, too, surged to an all time high to $155.62 in 2025, according to the data.

Indian exports to China which over the years struggled to make headway climbed to $19.75 billion between January and December last year, posting a 9.7 per cent increase, amounting to $5.5 billion, according to the data.

At the same time, Chinese exports to India increased 12.8 per cent to $135.87 billion last year.

While trade is picking up from both countries, the total bilateral trade surged to a record high of $155.62 billion in 2025, the year in which both countries faced US President Donald Trump's tariff hikes.

The trade deficit -- a constant problem in India-China trade -- touched a record high of $116.12 billion, crossing the $100-billion for the second time since 2023.

In 2024, the trade deficit was $99.21 billion with China's exports totalling to $113.45 billion, and India's outbound shipments to China stagnating at $14.25 billion.

China's annual trade data covers from January to December while India releases its figures from March to April.

Observers said the $5.5 billion increase in Indian exports, though modest, is significant, pointing to a structural shift with items such as oil meals, marine products, telecom instruments and spices, making headway into the tough Chinese market, which is struggling to expand its domestic consumption.

Also, India over the years has been demanding China to open its IT, pharma, and agricultural produce, which are India's strong areas.

China's overall global trade continues to grow, defying trade tensions with the US.

Customs data showed that the surplus surged to a record of almost $1.2 trillion in 2025 an increase of 20 per cent compared to 2024, with exports at $3.77 trillion and imports at $2.58 trillion.

The growth in China's exports despite Trump tariff hike was attributed to Beijing's diversification strategy.

Wang Jun, vice-minister of the General Administration of Customs, attributed China's robust export performance last year -- in the face of trade headwinds -- to supportive policies and the country's industrial depth.

"Our trading partners are increasingly diversified, and our risk-resilience has significantly strengthened," he told Hong Kong-based South China Morning Post.

Gary Ng, senior Asia-Pacific economist at French investment bank Natixis, noted that trade tensions remained, and external demand might not be as strong this year as in 2025, as most central banks no longer have much room for further rate cuts.

"I think Chinese exports will continue to grow in 2026, but at a slightly slower pace," Ng told the newspaper.

Source: business-standard.com– Jan 14, 2026

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India overhauls customs duty rules to help exporters and smaller businesses

The Indian government today notified a major change in customs rules to help smaller businesses and exporters find it easier to claim duty benefits.

The government has overhauled customs rules to put exports sent by post at par with regular cargo exports, making it easier for exporters and smaller businesses to claim incentives such as duty drawback, Remission of Duties and Taxes on Exported Products (RoDTEP) and Remission of State and Central Taxes and Levies (RoSCTL) schemes.

In a series of notifications issued on Thursday, the Ministry of Finance and the Central Board of Indirect Taxes and Customs (CBIC) have allowed electronic export entries filed for postal shipments to be treated the same as shipping bills or bills of export.

The move will benefit exporters sending goods by post—especially online sellers, who faced procedural gaps in claiming duty benefits because many customs benefits were linked to shipping bills used for cargo exports.

The amendment, implemented with immediate effect, has also introduced New electronic Postal Bill of Export forms with separate formats for e-commerce exports and other postal exports.

Source: economictimes.com– Jan 16, 2026

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Expecting India's 2025-26 overall exports to touch USD 850 billion: Commerce Secretary

New Delhi [India]: India is on track to cross USD 850 billion in total exports for the current financial year (FY 2025-26), driven by steady performance in both merchandise and services despite a challenging global economic climate.

Commerce Secretary Rajesh Agrawal told reporters on Thursday that he is confident of India's trade trajectory. "We are going to cross USD 850 billion of export in the current financial year. There has been a positive movement in our export growth. We have maintained the positive territory."

The latest trade data for the April-December period underscores this optimistic outlook. For the first nine months of the fiscal year, India's overall exports (Merchandise + Services) reached USD 634.26 billion, a significant jump from the USD 607.93 billion recorded during the same period last year--marking a growth of 4.33%.

In December 2025 specifically, merchandise exports showed a resilient uptick with USD 38.51 billion in December 2025 as compared to USD 37.80 billion in December 2024, a growth of 1.86%. "There has been a positive movement in our export growth. We have maintained the positive territory," Agrawal noted.

While exports are climbing, imports have also seen an upward trend, leading to a widening of the trade deficit, which stood at USD 96.58 billion for the April-December period, compared to USD 88.43 billion last year.

In exports, the services sector remained the strongest performer with a growth rate of 6.46 per cent and merchandise managed a steady 2.44 per cent growth. India's total exports had touched an all-time high of USD 824.9 billion in financial year 2024-25. This marked a yearly growth of 6.01 per cent over USD 778.1 billion exports in 2023-24, setting a new annual milestone. The 2024-25 exports exceeded the initial anticipation of USD 800 billion.

Source: economictimes.com– Jan 15, 2026

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India, Canada working to finalise scope for bilateral trade pact: Commerce Secretary

New Delhi: India and Canada are engaged in finalising the terms of reference (ToR) to formally start negotiations for a free trade agreement (FTA), Commerce Secretary Rajesh Agrawal said on Thursday.

The two countries were earlier negotiating a trade pact but it was paused by Canada in 2023. Now they have decided to resume talks from the beginning as lot has changed on the global trade front during these two years.

"The two sides are engaged in finalising the ToR for a mutually beneficial trade agreement. We hope we will be able to complete this work soon," Agrawal told reporters here.

The ToR outline the scope and modalities of a proposed trade pact.

Both sides have appointed their chief negotiators for the trade pact negotiations. Joint Secretary in the Department of Commerce Brij Mohan Mishra is the chief negotiator from the Indian side. Bruce Christie is Canada's chief negotiator.

India's exports to Canada rose 9.8 per cent to USD 4.22 billion in 2024-25 from USD 3.84 billion in 2023-24.

Imports, however, declined 2.33 per cent to USD 4.44 billion in the last fiscal year from USD 4.55 billion in 2023-24.

Bilateral trade in goods and services between India and Canada stood at USD 18.38 billion in 2023.

There are about 2.9 million Indian diaspora and over 4,27,000 Indian students in Canada.

Source: economictimes.com– Jan 15, 2026

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India attracts $51 billion FDI amid startup, manufacturing push

India has received foreign direct investment (FDI) worth USD 51 billion in the last six months, reflecting sustained global confidence in the country's growth story, Amardeep Singh Bhatia, Secretary, Department for Promotion of Industry and Internal Trade (DPIIT), said on Wednesday. While speaking with media persons, he said, "As part of its startup push, DPIIT will organise National Startup Day on January 16, during which 75 Grand Challenges will be launched to foster innovation and problem-solving across sectors."

The DPIIT Secretary said the response to the event has been overwhelming, with more than 3,000 requests already received to participate in National Startup Day.To recognise excellence in entrepreneurship, 20 National Startup Awards will also be presented on the occasion, celebrating outstanding contributions to India's startup ecosystem, he said. On startups and FDI, Bhatia said the government is strongly focused on boosting manufacturing in the country, with innovation-driven production gaining momentum. "New products are being manufactured, and significant investments are flowing into the manufacturing sector," he noted.

He highlighted the government's efforts to encourage deeper engagement between corporates and startups, noting that large companies are increasingly interested in collaborating with startups to drive innovation and scale.

On Tuesday, while speaking at the final session of the Viksit Bharat Young Leaders Dialogue 2026, Prime Minister Narendra Modi said that the combination of Digital India, startup growth, and youth participation is reshaping the country's future. The Prime Minister said the country is witnessing rapid growth across creative and technology-driven sectors, powered largely by young innovators and entrepreneurs. He said, Digital India has created a whole new community of creators and is driving the unprecedented rise of the 'Orange Economy', covering culture, content and creativity.

Source: thehindubusinessline.com– Jan 15, 2026

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India to grow at 7.5-7.8% this fiscal: Deloitte

India is likely to clock a GDP growth of 7.5-7.8 per cent in the current fiscal, supported by festive demand and robust services activity, and moderate to 6.6-6.9 per cent in FY27 on a high base and persistent global uncertainties, Deloitte India said on Wednesday.

For India, 2025 will be remembered as the year of "resilience" in domestic demand, decisive reforms in fiscal, monetary and labour policies, and recalibrations in trade policies.

Real GDP grew 8 per cent in the first half (April-September) of the ongoing 2025-26 fiscal despite global headwinds such as trade disruptions, policy shifts in advanced economies, and volatile capital flows.

Deloitte India expects full year GDP growth at 7.5-7.8 per cent for FY2025-26, supported by festive demand and robust services activity.

Furthermore, growth may moderate to 6.6-6.9 per cent in FY2026-27, reflecting a high base and persistent global uncertainties, it said in a statement.

"India's resilience is no accident. It stems from sustained pro-growth policies," Deloitte India, Economist, Rumki Majumdar said.

Early in 2025, signals of external risks such as unpredictable trade policies, geopolitical tensions, and slowing growth among major partners prompted decisive action.

Policymakers introduced tax exemptions, policy rate cuts, and GST rationalization to boost demand. Favourable inflation trends added buoyancy, while trade recalibration through multiple FTAs strengthened exports, Deloitte said.

"With demand-side levers largely addressed, policy focus in 2026 will shift toward supply-side reforms, focusing on MSMEs, and developing tier-2 and tier-3 cities as new engines of growth," she added.

Trade diplomacy also saw a major shift. India signed key agreements with the UK, New Zealand, Oman, and initiated a negotiation with Israel, while the EFTA deal went operational in 2025, all aimed at diversifying export.

"These partnerships unlock manufacturing opportunities and expand India's services footprint beyond the US, while reinforcing investor confidence and paving the way for increased FDI, which remains critical for financing infrastructure and industrial expansion," Majumdar said.

India also deepened engagement with emerging economies across Asia, Africa, and the Middle East, aligning with the broader Global South trade and investment shift.

Majumdar said that external risks remain elevated, though their full impact may not materialize in FY2025-26. However, in FY2026-27, growth may moderate reflecting a high base and persistent global uncertainties.

"We anticipate the India-US trade deal will conclude by the end of this fiscal, which should revive foreign investment and stabilise the currency," Majumdar said.

Source: thehindubusinessline.com– Jan 14, 2026

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GDP to grow 7.3-7.5% in FY26, says Grant Thornton Bharat

The Indian economy is likely to clock a growth rate of 7.3 to 7.5 per cent in the fiscal ending March 2026, and slow down a bit to 7 per cent in 2026-27, consultancy firm Grant Thornton Bharat said on Wednesday.

According to the First Advance Estimates issued by the National Statistics Office (NSO), India is likely to grow at 7.4 per cent during 2025-26, compared to 6.5 per cent in the previous fiscal year, driven by a strong performance in the services and manufacturing sectors, thus retaining its position as the world's fastest-growing major economy.

During an interaction with PTI, Rishi Shah, Partner and Economic Advisory Services Leader, Grant Thornton Bharat (Economist, Macro Economic Affairs), said that exports are holding up despite US tariffs on Indian imports and other hurdles.

"I think in this fiscal year, it's a fair assessment, you know, 7.3 to 7.5 per cent, and in 2026-26, it would be closer 6.7 to 7 per cent mark," he said.

He also flagged the external factor as a big pressure point for the economy, especially in view of the geopolitical developments.

Shah said issues related to South America and the Middle East may pose challenges to the supply chains.

"Any policy decision that is taken today, the genuine and the actual impact of that will only be known in about maybe a few years from now. So, the idea has to be to actually play a very important part in this new wave of industrialisation. If you see across the world, the advanced economies are now re-industrialising," he said.

On expectations from the forthcoming Union Budget, Shah said it is a directional document and reflects the mindset of the government for the future.

"So the main thrust for this year (should) be on the ease of doing business front," Shah said.

About the rupee's depreciation, Shah said he thinks it will stabilise around the current level of 90 to a US dollar.

Moreover, he added, "We should learn to live with a currency which is slightly weaker. We import most of our important goods, and for a country like ours, I think it serves a purpose to actually have a weaker currency."

Shah also opined that the Reserve Bank still has to reduce the repo rate one more time.

"Now, given the fact that inflation has been below the Reserve Bank's lower margin of 4 to 6 per cent, we have been around 4 per cent or possibly lesser than that, despite the volatility in food prices, I think there is a case for maybe one more 25 basis point cut, but nothing beyond that," he said.
The Reserve Bank started its rate-cutting cycle in February last year and has cumulatively reduced the short-term lending rate (repo) by 125 basis points to 5.25 per cent.

The RBI's rate-setting panel -- the Monetary Policy Committee (MPC) -- is scheduled to meet from February 4 to 6.

Source: thehindubusinessline.com– Jan 14, 2026

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India's cotton trade body sees crop output a tad higher

India's trade body, Cotton Association of India (CAI), has raised the crop estimate for the 2025-26 season (October-September) by 2.5 per cent or 7.5 lakh bales (of 170 kg each) to 317 lakh bales on higher than estimated production in Maharashtra and Telangana. CAI has projected a year-end surplus of 122.59 lakh bales for the 2025-26 season, up 56 per cent year-on-year on record imports of 50 lakh bales during the year.

Based on the feedback from various state bodies, CAI has projected an increase of 3 lakh bales in Maharashtra, 4.5 lakh bales in Telangana, 1 lakh bales in Karnataka and 0.5 lakh bales in Tamil Nadu. Also, the trade body expects a decline of 1 lakh bales in Madhya Pradesh and 0.5 lakh bales in Odisha.

In a statement, CAI President Vinay Kotak said the consumption during the current season 2025-26 ending September is estimated at 305 lakh bales, a tad lower than 314 lakh bales a year ago. Till December end, the consumption was estimated at 76.25 lakh bales. The duty-free import window provided by the Government till December 31 last year has prompted the trade and millers to import 31 lakh bales.

Export estimate cut

CAI has cut the cotton export projections by 3 lakh bales to 15 lakh bales during the 2025-26 season from 18 lakh bales in the previous year. Till December end, about 4.5 lakh bales have been exported.

CAI sees a total supply of 427.59 lakh bales during 2025-26 against 392.59 lakh bales a year ago. Total supply this year comprises an opening stock of 60.59 lakh bales, pressing estimates of 317 lakh bales and imports of 50 lakh bales.

Total surplus at the end of the 2025-26 season, ending September, is projected to be 122.59 bales, higher by around 56 per cent over 78.59 lakh bales last season. Closing stocks for the 2025-26 season is projected at 07.59 lakh bales, up 77 per cent over 60.59 lakh bales last season.

Source: thehindubusinessline.com– Jan 14, 2026

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