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Currency Watch			
USD	EUR	GBP	JPY
90.35	106.77	123.69	0.58

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INTERNATIONAL NEWS

Trump Touts Trade Deal With India, Drastically Slashing Duties

Following months of tariff tensions and protracted trade negotiations, India and the United States have reached a truce, President Donald Trump announced Monday.

Five months after hitting the country with 25 percent punitive duties for its continued purchasing of Russian oil, Trump wrote on Truth Social that he and Prime Minister Narendra Modi had reached a deal that will significantly lower India's tariff burden from the punishing 50 percent it's been facing since August—the highest rate placed on a U.S. trading partner.

According to Trump, Modi agreed to halt the purchase of oil from Russia after a call Monday morning during a phone call wherein the leaders discussed trade and ending the war in Ukraine. Calling Modi “one of my greatest friends,” the president said India plans to shift its sourcing of oil to the U.S. and potentially Venezuela.

As a result, the administration has agreed to lower India's “reciprocal” International Emergency Economic Powers Act (IEEPA) tariffs from 25 percent to 18 percent. India will move forward to eliminate its tariffs on U.S. imports and draw down non-tariff barriers to trade. Modi reportedly told Trump that the South Asian superpower will buy American goods in higher volumes, in addition to purchasing over \$500 billion in American energy, technology, coal and agricultural products.

Modi also took to social media to tout the deal, saying he was “delighted” that Made in India products will see a lowered tariff rate. He thanked Trump on behalf of the country's 1.4 billion citizens, saying, “When two large economies and the world's largest democracies work together, it benefits our people and unlocks immense opportunities for mutually beneficial cooperation.”

The early morning deal followed a Sunday announcement from India's government that it plans to slash duties on a number of products and raw materials, including those needed for the domestic production of leather and textile products.

The country has undergone significant customs duty reforms in recent months designed to bolster the output of domestic manufacturers that are dependent on materials and inputs from other countries, including cotton from the U.S. This round of cuts focused heavily on products deemed essential to India's burgeoning energy sector, and was designed to help the country wean off its dependence on China. Impacted categories include the capital goods required for the production of lithium-ion batteries and the processing of critical minerals.

The news came as a part of the budget plan laid out by Finance Minister Nirmala Sitharaman, which details goals to augment India's export target to \$1 trillion. Lowering duties on certain products will attract foreign investment from countries beyond China, the plan said. In a speech delivered over the weekend, Sitharaman emphasized that India faces "an external environment in which trade and multilateralism are imperiled and access to resources and supply chains are disrupted."

As such, India's government enacted a range of duty drawdowns, including on products used in the textile sector. New rules stipulate duty-free treatment for imports of specific products used by exporters of shoe uppers, and the time period for export of final products made using such imported inputs is being extended from six months to one year for the leather and textile industries.

The finance minister spoke to a Textile Expansion and Employment Scheme that aims to modernize traditional manufacturing clusters with monetary support for the purchase of machinery, technology and other upgrades. A National Handloom and Handicraft program will upgrade existing frameworks designed to support weavers and other artisans, while a Tex-Eco Initiative will promote sustainable textiles and apparel on the world stage, she said.

"Samarth 2.0," a program designed for upskilling the textile ecosystem workforce in collaboration with local industry players and academic institutions, was also announced, along with a "Mega Textile Parks" platform that will focus on technical textiles. She proposed the launch of the Mahatma Gandhi Gram Swaraj initiative, which she said would strengthen the creation of handwoven and handloomed textiles.

Source: sourcingjournal.com– Feb 02, 2026

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Western retail markets to face significant slowdown in 2026: Bain & Company

The latest Bain & Company 2026 Global Retail Sales Outlook signals a significant cooling period for major Western markets, with growth projections for the US, UK, France, and Germany all trending downward.

Despite a resilient 2025, the retail sector is entering a phase of diminished volume gains as economic pressures and softening labor markets weigh heavily on household balance sheets. Bain forecasts, US retail sales will grow by 3.5 per cent Y-o-Y in 2026, reaching \$5.3 trillion - a deceleration from the 4.0 per cent growth estimated for the previous year.

Intensifying value-seeking behavior

As inflation hovers between 2.6 per cent and 3.0 per cent, a prominent ‘flight to value’ is reshaping the apparel and general merchandise landscapes. Higher-income households, which traditionally drive over 50 per cent of US retail spending, are showing marked declines in confidence according to Bain’s Consumer Health Index.

Retailers are seeing shoppers gravitate toward private-label goods and discount tiers to preserve disposable income. Aaron Cheris, Global Head – Retail, Bain & Company, notes, success in 2026 will depend on sharpening customer value propositions to compete not just with peers, but with emerging AI-driven shopping platforms.

Stagnation across European markets

The European forecast is even more conservative, with the UK projected to grow by just 2 per cent, while France and Germany are expected to see gains of 1.5 per cent and 2.5 per cent respectively.

Persistent cost-of-living challenges and elevated mortgage rates continue to dampen discretionary appetite, resulting in flat-to-negative volume growth in non-food categories.

While potential interest rate cuts offer a glimmer of relief, Bain suggests these measures are unlikely to materially impact consumer purchasing power until at least 2027. To navigate this low-growth environment, retailers are increasingly deploying AI for margin management and operational efficiency.

Bain & Company is a global management consultancy founded in 1973 that serves over 70 per cent of the top 50 global retailers. Specializing in retail convergence, omnichannel strategy, and ESG compliance, the firm operates in 37 countries. With annual revenues exceeding \$6 billion, Bain continues to drive results through data-driven performance improvement and digital transformation.

Source: fashionatingworld.com– Feb 02, 2026

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Trump Threatens Cuba Allies With Punitive Duties, Strikes 'Reciprocal' Trade Deal With Guatemala

President Donald Trump has declared a national emergency over the actions of Cuba's government, and is threatening any country that supports the Caribbean nation through the sale of oil with new tariffs.

In an executive order released by the White House on Thursday, the president announced that he has "an imperative duty to protect the national security and foreign policy of this country," and that he finds "the policies, practices, and actions of the Government of Cuba constitute an unusual and extraordinary threat."

"The Government of Cuba has taken extraordinary actions that harm and threaten the United States. The regime aligns itself with—and provides support for—numerous hostile countries, transnational terrorist groups, and malign actors adverse to the United States, including the Government of the Russian Federation (Russia), the People's Republic of China (PRC), the Government of Iran, Hamas, and Hezbollah," the order said.

Trump said Cuba's government "supports terrorism and destabilizes the region through migration and violence." He added that the United States supports Cuban citizens in their aspirations for a democratic society, saying the country "has zero tolerance for the depredations of the communist Cuban regime."

The order stipulated that an ad valorem duty rate would be imposed on goods imported into the U.S. from other countries that sell or provide oil to Cuba. The president declined to provide a specific tariff rate, writing that Commerce Secretary Howard Lutnick and other cabinet officials have been tasked with making the determinations necessary to implement the order.

In her daily press briefing, Mexican President Claudia Sheinbaum sounded the alarm about what such a strategy could mean for the region.

"The imposition of tariffs on countries that supply oil to Cuba could trigger a far-reaching humanitarian crisis, directly affecting hospitals, food supplies and other basic services for the Cuban people," she said.

Earlier in the day, Trump Truthed that he'd had a "very productive telephone conversation" with Mexico's leader, much of it focused on the border, drug trafficking and trade. Praising Sheinbaum as "highly intelligent," he said he plans to speak with her again soon.

The development leaves Sheinbaum between a rock and a hard place. Mexico, which was shipping 20,000 barrels of oil a day to Cuba between January and September of last year, will be targeted with increased duties should it continue to do so, potentially unraveling the progress won through months of conversations and negotiations between Trump and Sheinbaum. According to data from Pemex, the country has already drastically drawn down its shipments to about 7,000 barrels per day since the fall.

Sheinbaum said Thursday that she's deputized her top diplomat to reach out to Washington to elucidate the scope of Trump's plan, and to advocate on behalf of Cuba, which has fallen to its lowest point in decades.

However, Sheinbaum said in her morning meeting, "We don't want to put our country at risk in terms of tariffs," adding, "We want to know the scope of the decree and always seek diplomatic channels."

Cuban President Miguel Diaz-Canel was apoplectic at the announcement, taking to X to express his displeasure. "This new measure demonstrates the fascist, criminal, and genocidal nature of a clique that has hijacked the interests of the American people for purely personal gain," he wrote.

While Trump fired his shot across the bow at Cuba and its allies, the administration concurrently sought to strengthen ties with another Western Hemisphere trade partner.

On Friday, the White House released a joint statement with the government of Guatemala announcing a framework for an agreement on reciprocal trade very similar to the recently announced pact with El Salvador.

Guatemala will see a lowering of reciprocal tariffs on its U.S.-bound exports that can't be grown or mined in the U.S.—including products like textiles and apparel that originate under the Dominican Republic-Central America Free Trade Agreement (CAFTA-DR)—in return for drawing non-tariff barriers on American imports, from agricultural products to medical devices and pharmaceuticals.

According to the National Council of Textile Organizations (NCTO), Guatemala represents a key partner in bilateral textile and apparel trade, with \$2 billion in such products making their way between the countries each year. In 2024, the integrated co-production network of manufacturers in the U.S. and Guatemala supported \$11.3 billion in two-way trade, supporting 470,000 jobs in the U.S. textile industry.

NCTO president and CEO Kim Glas said the group was grateful to the administration for concluding the deal on the heels of the agreement with El Salvador.

“The reciprocal trade agreement with Guatemala marks an important step toward strengthening the U.S. textile supply chain,” she said. “The U.S.–Western Hemisphere textile and apparel supply chain remains a critical strategic alternative to China and other Asian producers.”

Source: sourcingjournal.com– Jan 30, 2026

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Economic confidence strengthens across EU & euro area in Jan: Survey

The Economic Sentiment Indicator has climbed sharply in January 2026, rising by 1.9 points to 99.2 in the European Union (EU) and by 2.2 points to 99.4 in the euro area, reflecting a broad-based improvement in confidence, according to latest survey by the European Commission.

This marks the closest the EU indicator has come to its long-term average of 100 since June 2022, while the euro area reached a similar milestone last seen in January 2023. Employment sentiment also improved, with the Employment Expectations Indicator reaching its highest level in 12 months in both regions, the European Commission said in a press release.

The upturn was broad-based, driven by rising confidence in industry, retail trade and among consumers. Among the EU's six largest economies, sentiment improved notably in France, Germany, Poland, the Netherlands, Spain and Italy, reflecting widespread economic stabilisation.

Industrial confidence rose on the back of improved production expectations, stronger order books and more favourable stock assessments. Consumer confidence strengthened, supported by more optimistic views on the economic outlook, household finances and intentions to make major purchases. Retail trade confidence improved as retailers reported brighter expectations for future business conditions and healthier stock levels.

Employment expectations improved in industry and retail trade. Meanwhile, the EU Labour Hoarding Indicator fell further below its long-term average, reaching its lowest level since February 2022, suggesting firms are becoming less inclined to retain surplus labour. Price expectations remained broadly stable across most sectors, while easing in retail trade. Although price expectations stayed above long-term averages, consumers reported a marked decline in both future price expectations and perceptions of past price increases, offering tentative signs of easing inflation pressures despite levels remaining historically high, added the release.

Source: fibre2fashion.com– Feb 03, 2026

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UK fashion & lifestyle sales up by 1.7% in January: BDO

UK discretionary retail sales, including fashion and lifestyle, rose just 1.7 per cent year-on-year in January, lagging inflation and indicating a decline in sales volumes, according to the latest High Street Sales Tracker from accountancy and business advisory firm BDO. This is significantly below the rate of inflation, reflecting a fall in sales volumes compared to January 2025.

Following a very disappointing end to the golden quarter, when in-store sales fell by 0.5 per cent in December, January saw sales on the high street grow by +4.7 per cent, driven primarily by heavy discounting after Christmas and in the new year sales. This discounting propped up sales growth in the early part of the month, but total sales, in-store and online, fell in the final two weeks of January.

This set of results also marks the ninth time in the last twelve months that total sales grew below the rate of inflation, a reflection of long-term difficult trading conditions for the sector, BDO said in a press release.

“On the surface these results might look like cause for cautious optimism: high street sales up above the rate of inflation, and total sales also ticking up. But looking closer, it’s clear that after a very disappointing Christmas, when sales fell online and in-store, the trading environment for retailers has hardly improved in the new year. We saw very high levels of discounting immediately after Christmas and the first week of January that has almost entirely driven the growth in sales recorded this month,” Sophie Michael, head of retail and wholesale at BDO, said.

“Clearly, retailers were left with high levels of stock after disappointing sales in December with promotional activity reflecting their efforts to clear storerooms and shops for new and fresh lines to create essential cashflow. Unfortunately, this discounting is likely to erode paper-thin margins even further.

As February approaches, retailers are poised to tread carefully amidst an uncertain landscape for both consumers and businesses. The lack of clear direction regarding future economic conditions, coupled with the unsettling backdrop of rising unemployment and diminishing disposable income, presents a significant challenge,” added Michael.

“In such a climate, encouraging consumers to engage in discretionary spending will require substantial effort and strategic initiatives.

Retailers must navigate these turbulent times with innovative approaches to stimulate consumer confidence and spending, while at the same time remaining nimble and agile enough to adapt to changing behaviours and further economic headwinds,” concluded Michael.

Source: fibre2fashion.com– Feb 03, 2026

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Netherlands manufacturing output prices fall 1.7% in Dec: CBS

Statistics Netherlands (CBS) has reported that output prices for products manufactured in the Netherlands were 1.7 per cent lower in December 2025, year on year. In November, prices were 0.4 per cent lower year-on-year.

Output prices generally reflect the price of crude oil. In December 2025, a barrel of crude cost €52.5 (~\$62.21), down by nearly 25 per cent year on year. In November 2025, the average price of a barrel of North Sea Brent crude stood at almost €55 (~\$65.18), down by over 20 per cent year on year.

Prices for petroleum derivatives were down by 15.7 per cent in December, year on year, while in November they were down by 2.5 per cent. Output prices in the chemical sector also tend to track the price of crude oil. In December 2025, output prices for chemical products were 4.5 per cent lower than they were in December 2024. In November, they were down by 4.2 per cent year on year, CBS said in a press release.

Output prices fell by 1.1 per cent in December compared to November. On the export markets, prices fell by 1.4 per cent, while on the domestic market they were down by 0.6 per cent.

Source: fibre2fashion.com– Feb 03, 2026

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Turkey risks losing ground as EU deepens economic ties with new partners

The European Union's free trade agreement with India, concluded in January 2026 and expected to enter into force in 2027, is reshaping trade incentives across Europe and South Asia while exposing longstanding structural weaknesses in Turkey's trade relationship with the EU. Although Turkey is deeply integrated into the EU market through the customs union, it is excluded from the preferential access granted under the EU–India deal, a gap that economists and trade data suggest could translate into lasting competitive losses for key Turkish industries.

The EU–India agreement covers goods and services representing more than 96 percent of bilateral trade by value. Once fully implemented, the deal will remove or sharply reduce tariffs on industrial products, machinery, chemicals, pharmaceuticals and vehicles while easing regulatory barriers and expanding market access in services. The EU estimates the agreement will increase EU exports to India by more than 50 percent in five years and save European companies roughly €4 billion annually in duty. India, whose economy exceeded \$3.7 trillion in 2025, gains preferential access to a market of 450 million consumers with a combined GDP of more than €16 trillion.

Despite being part of the EU customs union since 1996, Turkey does not benefit from these concessions. Under the customs union, Turkey applies the EU's common external tariff to third countries but does not automatically gain reciprocal access when the EU signs free trade agreements. As a result Indian goods entering the EU under the new agreement can circulate freely into Turkey while Turkish exports continue to face India's standard tariff regime. This asymmetry, long criticized by Turkish exporters, becomes more pronounced as the EU accelerates trade agreements with major global economies.

Trade figures illustrate the imbalance. The EU is Turkey's largest trading partner, accounting for about 41 percent of Turkish exports and 32 percent of imports in 2024. Turkey exported approximately \$104 billion worth of goods to the EU last year, dominated by automotive products, machinery, textiles and chemicals. India, by contrast, absorbed less than \$1.3 billion of Turkish exports in the same period, while Turkish imports from India reached nearly \$9 billion.

Without preferential access, Turkish exporters face average Indian tariffs of 10 to 15 percent on industrial goods and over 20 percent on many consumer products, compared with near-zero duties for EU companies under the new agreement.

The structure of the customs union means Turkey must open its market to Indian goods via the EU without securing equivalent access for its own producers. Economists describe this as trade deflection: Third-country goods benefit from EU preferences and enter Turkey duty free, while Turkish companies compete abroad under less favorable conditions. With the EU pursuing new agreements not only with India but also with the South American regional trade bloc Mercosur and Indo-Pacific partners, the cumulative impact on Turkey's competitive position is expected to grow.

Textiles and apparel are among the most exposed sectors. According to projections used by EU and Indian trade authorities during negotiations, India's textile and apparel exports are expected to accelerate sharply once tariff barriers into the EU are removed. With preferential access, India's total textile and apparel exports are projected to approach \$100 billion annually by 2030, up from roughly \$44 billion in 2023. Indian manufacturers combine lower labor costs with large-scale production capacity and, under the agreement, duty-free or near duty-free entry into the EU market.

Turkish textile exporters, who currently supply around 10 percent of the EU's apparel imports and generated more than \$30 billion in export revenue in 2024, face the risk of price undercutting without gaining reciprocal access to the Indian market, where tariffs on apparel for non-preferential partners remain above 20 percent.

The automotive sector faces a different but equally significant adjustment. Under the EU-India agreement, Indian tariffs on passenger vehicles imported from the EU, currently among the highest globally at around 110 percent, will be reduced gradually to approximately 10 percent over a five-year period of transition. This change is expected to substantially increase EU automotive exports to India and encourage European manufacturers to deepen production and sourcing ties directly with Indian suppliers. Turkey exported more than \$35 billion in automotive products in 2024, much of it integrated into EU supply chains.

As EU producers expand preferential production networks linked directly to India, Turkish component manufacturers risk losing relative importance in certain segments, particularly in cost-sensitive parts where tariff advantages play a decisive role.

Machinery and chemicals, two of Turkey's higher value-added export categories, are also affected by the agreement's tariff structure. India has committed to eliminating or significantly reducing duties on a broad range of EU-origin machinery, mechanical equipment and chemical products, where tariffs previously ranged between 7.5 and 15 percent. EU producers are expected to expand exports to India and use the country as a regional manufacturing and distribution hub for South Asia. Turkish exporters, who shipped approximately \$28 billion in machinery and \$31 billion in chemicals globally in 2024, do not benefit from equivalent cost reductions. Analysts warn this could gradually erode Turkey's position in regional markets where it competes indirectly with EU companies.

The impact is not limited to goods. The customs union excludes services, agriculture and public procurement, sectors that together account for more than half of Turkey's GDP. While the EU–India agreement opens pathways for deeper cooperation in services and regulatory alignment, Turkey remains outside these frameworks, reinforcing concerns that the customs union no longer reflects the structure of modern trade.

Although Turkey retains a natural advantage in geographic proximity to the European market, analysts say that edge could diminish without parallel improvements in transport and logistics. India is expected to leverage lower production costs and economies of scale alongside preferential access to the EU market, positioning itself as an alternative supply hub.

As a result the EU's reliance on Turkey could gradually decline, eroding the privileged status created by the customs union. India could emerge as a more attractive base for EU capital and technology than Turkey, raising the risk that foreign direct investment and supply chains shift toward South Asia.

Political constraints complicate the picture. Efforts to modernize the customs union have stalled for nearly a decade amid broader tensions between Ankara and Brussels.

While both sides acknowledge the economic rationale for updating the agreement, progress has been limited by disputes over the rule of law, migration and foreign policy. In the absence of reform Turkey's trade policy remains reactive, forced to absorb the consequences of EU trade decisions without a seat at the negotiating table.

Nordic Monitor has previously reported that the challenges shaping Turkey's trade relationship with the European Union go beyond asymmetries in preferential market access and point to deeper structural and governance problems that may limit the country's ability to benefit from broader trade reforms.

A study published in March 2025 by the Brussels-based Institute for Diplomacy and Economy finds that modernizing the Turkey-EU customs union, a step that could support economic growth and help reduce Turkey's trade imbalance with the bloc, remains unlikely without substantial improvements in the rule of law, regulatory transparency and compliance with European standards of governance. The report cautions that without such reforms, Turkey is likely to face continued difficulty in attracting long-term foreign direct investment and fully integrating into evolving EU trade frameworks, suggesting that political and legal uncertainty may increasingly shape Ankara's economic outlook.

Source: nordicmonitor.com– Feb 03, 2026

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US, El Salvadore formalize landmark agreement on reciprocal trade

On January 29, 2026, the United States and El Salvador formalized a landmark agreement on reciprocal trade, a move designed to insulate the Western Hemisphere's textile ecosystem from Asian market volatility.

Signed by Jamieson Greer, US Trade Representative and María Luisa Hayem, Economy Minister, Salvadore, the accord effectively builds upon the CAFTA-DR framework by eliminating reciprocal tariffs on eligible apparel and textile exports. This development is projected to reverse a 4.6 per cent contraction in Salvadoran textile revenues recorded in late 2025, with industry analysts now forecasting a growth recovery of 2 per cent to 3 per cent for FY26.

Strengthening the co-production model

The agreement specifically targets the 'yarn-forward' co-production model, which integrates US fiber and yarn exports with Salvadoran garment manufacturing. By streamlining regulatory authorizations and removing non-tariff barriers, the pact reduces the administrative friction that has historically hampered rapid-response logistics.

Kim Glas, CEO, National Council of Textile Organizations (NCTO), noted, the agreement fortifies a critical export market for US textile workers while offering US brands a geopolitically resilient alternative to Trans-Pacific sourcing. For El Salvador, which sends 65 per cent of its textile output to the US, the deal provides the legal certainty needed to attract fresh foreign direct investment into specialized niches like performance wear and synthetic fiber blends.

Sustainability as a nearshoring catalyst

Beyond tariff relief, the pact emphasizes environmental enforcement and digital trade facilitation, aligning Salvadoran factories with the growing demand for 'green-certified' production.

El Salvador currently operates 19 free trade zones equipped with advanced water-recycling and energy-efficient systems, positioning the nation as a leader in sustainable nearshoring. As U.S. retailers reassess their inventory strategies in light of global shipping disruptions, El Salvador's

proximity - offering lead times of under three weeks - combined with this new reciprocal status, establishes a high-tech manufacturing lab for the Americas. This strategic alignment is expected to safeguard over 60,000 direct jobs while enhancing the transparency of the regional apparel value chain.

As the pillar of El Salvador's economy, this sector generates 30 per cent of total national exports. Historically focused on basic cotton apparel, the industry is transitioning into high-value technical textiles and athleisure for the North American market. With revenues exceeding \$2.1 billion, the sector aims to regain its 2022 performance levels through enhanced automation and US trade reciprocity.

Source: fashionatingworld.com– Feb 02, 2026

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Chattogram port ops in Bangladesh stop as strike continues for 3rd day

Operations at Bangladesh's Chattogram port came to a standstill once again as workers and employees resumed an eight-hour work abstention for the third day in a row today.

The strike, enforced from 8 am, was called by the Chattogram Bandar Rokkha Sangram Parishad and the local unit of the Jatiyatabadi Sramik Dal, demanding cancellation of the government move to lease the New Mooring Container Terminal (NCT) to UAE-based firm DP World.

Loading and unloading of containers and cargo from vessels at several jetties almost completely stopped from around 8 am, according to domestic media reports.

Cargo delivery from port yards also remained suspended, while container transport between Chattogram port and 19 privately-owned inland container depots stopped due to the strike.

Terming the strike 'unjustified', the Chattogram Port Authority said no agreement has yet been signed regarding the lease of NCT.

Source: fibre2fashion.com– Feb 02, 2026

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Bangladesh: Exports hold steady in January

The country's merchandise exports held nearly steady in January, with shipments totalling \$4.41 billion, down 0.50 percent year-on-year, according to Export Promotion Bureau (EPB) data.

A slow recovery in the global supply chain and cautious order placement by international clothing retailers ahead of the general election weighed on growth.

This was the sixth consecutive month exports remained on a downward trend, according to EPB. On a month-on-month basis, however, January shipments rose 11.22 percent from \$3.96 billion in December.

During the first seven months of the current fiscal year, exports declined 1.93 percent to \$28.41 billion compared with the same period last year.

During the July-January period of FY26, garment shipments, the key point of the country's trading might, fell 2.43 percent to \$22.98 billion. Knitwear exports dropped 3.13 percent to \$12.28 billion, while woven garment shipments fell 1.60 percent to \$10.69 billion.

Inamul Haq Khan, senior vice-president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), expressed hope for a rebound after the country's general election on February 12.

"Because the international clothing retailers and brands did not place their full work orders considering the election year, it is a normal practice by the international retailers and brands usually before the election," he said.

"We are hopeful that a positive change in placing of work orders by the retailers and brands after the election," Khan told The Daily Star over phone yesterday.

Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said exports are expected to pick up strongly from June this year as retailers and brands begin placing orders after February.

Exporters say merchandise shipments from most major countries fell in recent months due to volatility in the global supply chain triggered by US President Trump's reciprocal tariffs on multiple nations.

The supply chain has been gradually stabilising as the tariffs have been fixed and implemented.

Performance among the top six export sectors outside garments, such as leather and leather goods, jute and jute products, agro and agro-processed items, home textiles, light engineering, and frozen fish, showed mixed results, EPB said.

Leather and leather goods, jute and jute products, home textiles, plastics, and light engineering recorded growth both year-on-year and month-on-month.

Among key destinations, the United States remained Bangladesh's top export market, with shipments worth \$5.24 billion in July-January. Exports to the US rose 1.64 percent over the same period, 3.59 percent year-on-year, and 2.24 percent month-on-month.

Exports to other leading markets, including the European Union, also showed positive trends.

Germany and the United Kingdom retained second and third positions, with earnings of \$2.85 billion and \$2.7 billion respectively.

Great Britain, Spain, and the Netherlands also recorded growth both year-on-year and month-on-month.

During the July-January period, frozen food exports rose 4.94 percent to \$297.56 million, while home textile shipments grew 3.26 percent to \$509.97 million.

Jute and jute goods exports increased 1.97 percent to \$493.85 million, and leather and leather goods exports rose 5.71 percent to \$707.24 million.

Ceramics exports fell 20.91 percent to \$17.63 million, and non-leather footwear shipments declined 2.06 percent to \$311.53 million.

Cotton products also saw a drop, falling 17.28 percent to \$305.57 million over the same period, EPB data showed.

Md Abul Hossain, chairman of the Bangladesh Jute Mills Association (BJMA), said the jute sector had been performing well because local millers can export more finished goods than raw jute.

“The value of finished goods is higher than raw jute, and the rate of value addition is also higher,” he said.

Hossain urged the government to continue the ban on raw jute exports, which was imposed in September last year.

Source: fibre2fashion.com– Feb 02, 2026

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NATIONAL NEWS

India, US agree to a trade deal; reciprocal tariff reduced to 18%: Trump

US President Donald Trump on Monday announced his country's much-awaited trade deal with India, reducing the reciprocal tariff on Indian goods to 18 per cent from 25 per cent.

The announcement by Trump on Truth Social came after a phone call with Prime Minister Narendra Modi. Shortly after, Modi thanked Trump "on behalf of the 1.4 billion people of India for this wonderful announcement".

The agreement came more than five months after Washington imposed 50 per cent tariffs on several Indian exports, including a 25 per cent punitive duty for India's purchase of Russian crude oil.

Trump said New Delhi had agreed to stop buying Russian oil and buy much more from the US and, potentially, Venezuela, which would help end the war between Russia and Ukraine. He said India would

"likewise" move forward to reduce its tariffs and non-tariff barriers against the US to "ZERO".

"It was an honour to speak with Prime Minister Modi, of India, this morning. He is one of my greatest friends, a powerful and respected leader of his country... He agreed to stop buying Russian oil, and to buy much more from the United States and, potentially, Venezuela...", Trump said in his post.

"Out of friendship and respect for Prime Minister Modi and, as per his request, effective immediately, we agreed to a Trade Deal between the United States and India, whereby the United States will charge a reduced Reciprocal Tariff, lowering it from 25% to 18%," he further said.

According to Trump, Modi has also committed to 'buy American' at a much higher level, in addition to over \$500 billion of US energy, technology, agricultural, coal, and many other products.

“Our amazing relationship with India will be even stronger going forward. Prime Minister Modi and I are two people that GET THINGS DONE, something that cannot be said for most. Thank you for your attention to this matter!” he said in the post.

In his post on X, Modi said: “Wonderful to speak with my dear friend President Trump today. Delighted that Made in India products will now have a reduced tariff of 18%. Big thanks to President Trump on behalf of the 1.4 billion people of India for this wonderful announcement.”

The prime minister said when two large economies and the world’s largest democracies work together, it “benefits our people and unlocks immense opportunities for mutually beneficial cooperation”.

“President Trump’s leadership is vital for global peace, stability, and prosperity. India fully supports his efforts for peace. I look forward to working closely with him to take our partnership to unprecedented heights,” he added.

India and the US have been working on two broad trade deal frameworks – an early harvest deal and a larger framework or Bilateral Trade Agreement (BTA), which will take longer time to materialise. The near-term focus is on the early harvest deal, which can address the reciprocal tariff is also taking shape.

India-US BTA negotiations were launched in March and have so far included half a dozen rounds of talks. The last recent informal discussions took place in New Delhi during the visit of a trade team headed by the deputy US Trade Representative (USTR) in December. Thereafter, the discussions were on a pause due to the year-end holiday season, amid the missed ‘Fall’ deadline and uncertainty regarding the finalisation of the deal. Thereafter, both sides were currently virtually engaged.

The India–US trade deal has gone through ups and downs like a roller coaster. While the devil is in the details, it removes a hanging sword over the rupee, equity and bond markets. Let us hope it is a win-win deal for both countries, as they have a lot to gain through cooperation, said Nilesh Shah, managing director, Kotak Mahindra AMC.

Source: [business-standard.com](https://www.business-standard.com)– Feb 01, 2026

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US India Trade Deal: Washington cuts tariffs on Indian goods from 25% to 18%

The United States reduced the reciprocal tariff it charges on imports from India from 25% to 18%, President Donald Trump announced on Monday after a phone conversation with PM Modi.

He added that India would likewise move to cut its own tariffs and non-tariff barriers on US goods to zero, likely a part of the much anticipated trade deal between the global powers.

"Effective immediately, we agreed to a Trade Deal between the United States and India, whereby the United States will charge a reduced Reciprocal Tariff, lowering it from 25% to 18%. They will likewise move forward to reduce their Tariffs and Non Tariff Barriers against the United States, to ZERO," the US President's post read.

PM Modi welcomed the tariff cut as a boost for Indian industry and exporters.

"Wonderful to speak with my dear friend President Trump today," he wrote, adding that Made in India products would now attract a reduced tariff of 18%. Modi thanked Trump "on behalf of the 1.4 billion people of India for this wonderful announcement," he wrote on X.

The announcement comes against the backdrop of a bruising trade dispute that saw US tariffs on Indian exports surge as high as 50% last year - tariffs that Washington linked to New Delhi's continued purchases of Russian crude oil.

India to buy Venezuelan oil, ditch Russia

Speaking on that particular issue, Trump said that in the most recent phone call, India had agreed to stop buying Russian oil and instead increase purchases from the United States and, potentially, Venezuela.

"We spoke about many things, including Trade, and ending the War with Russia and Ukraine. He agreed to stop buying Russian Oil, and to buy much more from the United States and, potentially, Venezuela. This will help END THE WAR in Ukraine, which is taking place right now, with

thousands of people dying each and every week!," Trump's post further read.

Meanwhile, according to Reuters, a White House official said that Washington is willing to drop the additional 25% tariff slapped onto New Delhi over Russian oil.

"We are also dropping the 25% tariff given India's agreement to stop buying Russian oil," the official said, according to the news agency.

The comments came as global oil markets reacted sharply to the prospect of shifting energy flows. WTI crude oil futures slid more than 4.5% on Monday to around \$62.2 a barrel, marking their steepest single-day fall in over six months.

The US President's announcement also comes amid EAM Jaishankar's visit to Washington for a meeting with officials over critical minerals.

The finalisation of a full trade pact between the two countries, long seen as a major opportunity for deeper market access and counter to Trump's tariffs, has repeatedly been delayed before the scheduled deadlines, becoming one of the key uncertainties in the bilateral economic relationship.

"As I have said many times, President Trump genuinely considers Prime Minister Modi a great friend! Thrilled by the news of the trade deal this evening. The relationship between the United States and India has LIMITLESS POTENTIAL!," said Sergio Gor, US Ambassador to India.

Union Minister for Trade and Commerce Piyush Goyal had said on Friday that the two countries were working toward closing the deal quickly.

"Every free trade agreement stands on its own legs. And we are having very good negotiations. My counterpart in the US and I have a very wonderful working relationship and a wonderful personal friendship. We are working towards closing the deal quickly," Goyal told PTI in an interview.

The 50% US tariffs hit Indian apparel, footwear, textiles, engineering goods and other consumer-facing manufacturing sectors the hardest, forcing exporters to absorb steep cost increases and offer deep discounts to retain American buyers.

Despite the shock, India's exports have held up better than expected, according to the Economic Survey 2026, which pointed to strong domestic fundamentals and policy reforms that helped cushion the impact of rising US duties.

“But in reality, growth accelerated due to a slew of structural reforms and policy measures,” the Survey said, adding that India's external position remains strong in the near term.

Source: economictimes.com– Feb 03, 2026

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Who gains most from India-US tariff rollback? Textiles, chemicals, seafood sectors in spotlight

India's export-oriented sectors are poised for a broad-based upside after New Delhi and Washington clinched a long-awaited trade agreement late on the evening of February 2. Under this agreement, the U.S. reduced reciprocal tariffs on Indian goods to 18 percent from 25 percent.

Announcing the deal, US President Donald Trump said it would be "effective immediately", signalling swift tariff relief for Indian exporters.

Trump, in a post on Truth Social, announced, "Out of friendship and respect for Prime Minister Modi and, as per his request, effective immediately, we agreed to a Trade Deal between the United States and India, whereby the United States will charge a reduced Reciprocal Tariff, lowering it from 25% to 18%."

Soon after, Prime Minister Narendra Modi, after speaking to President Trump, stated, "Wonderful to speak with my dear friend President Trump today. Delighted that Made in India products will now have a reduced tariff of 18%. Big thanks to President Trump on behalf of the 1.4 billion people of India for this wonderful announcement."

Notably, the rollback comes after months of stress following steep tariff hikes, in some cases up to 50 percent, that kicked in from August 27, 2025, sharply raising landed costs, hurting competitiveness and weighing on demand for Indian goods in the US, India's largest export market. With the tariff burden now easing, companies with significant exposure to the US are expected to see relief in margins, improved competitiveness and better order visibility.

As per market participants, the tariff cut is a meaningful positive for several export-heavy sectors, including textiles and apparel, seafood, auto ancillaries, engineering goods, chemicals, gems and jewellery, and select consumer exporters.

Textiles & Apparel: Clear winner

Textiles and apparel are widely seen as the biggest beneficiaries of the pact. The US accounts for nearly 28% of India's total textile exports, making it the single largest destination for Indian manufacturers. More

than half of India's textile and apparel imports are also linked to US cotton, underscoring deep trade integration.

The segment is among the most price-sensitive within India's export basket. Products such as cotton garments, home textiles and made-ups compete directly with suppliers from Bangladesh, Vietnam and other low-cost hubs. A reduction in tariffs narrows the pricing gap and supports large exporters supplying US retailers in mid-value categories.

Companies with higher US exposure are likely to see faster volume recovery and improved pricing power. Stocks with significant US revenue exposure include Indo Count Industries (70%), Kitex (70%), Gokaldas Exports (67%), Pearl Global (64%), Welspun India (61%), Himatsingka Seide (60%), Trident (28%), Vardhman Textiles (25%), SP Apparels (22%), Arvind (14%) and KPR Mills (9%).

Chemicals: China-Plus-One tailwind

In chemicals, particularly speciality chemicals and intermediates, exports are governed by long-term contracts and stringent compliance norms. While demand is less sensitive to short-term price swings, tariffs directly impact net realisations.

The tariff cut strengthens India's position in US supply chains looking to diversify under China-plus-one strategies. Key beneficiaries include UPL (20-25% US exposure), SRF (20%) and Jubilant Ingrevia (9%). Other potential gainers include Aarti Industries, PI Industries, Atul, Navin Fluorine International, Deepak Nitrite, Vinati Organics, Alkyl Amines Chemicals and Gujarat Fluorochemicals.

Engineering Goods: Boost in competitiveness

Engineering exporters are also expected to benefit. Engineering goods form the largest share of India's merchandise exports to the US, spanning industrial machinery, electrical equipment and capital goods.

[Click here for more details](#)

Source: moneycontrol.com– Feb 03, 2026

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Cheer for exports: Textiles, carpets, leather set to gain after India-US deal





NEW DELHI: While details are still trickling in, the announcement of the India-US trade deal couldn't have come at a more opportune time. Having just dispatched containers for the summer season, garment and leather and footwear makers were worried about orders for the next season.

The smaller players had virtually stopped shipments over the last few months and the bigger ones, with deeper pockets, were sustaining it thanks to steep discounts that they were offering even as their US buyers too were taking a small hit.

With the trade deal announced, Indian goods are suddenly looking more competitive. This means that a product will face 18% additional tariff over the MFN or product-specific rate.

Tariffs on world and India

TARIFFS: WORLD & INDIA

US TARIFFS ON COUNTRIES	HOW MUCH DO INDIAN EXPORTS GAIN (PERCENTAGE POINT REDUCTION)	
Japan  15%	Shrimps, diamonds	7
Cambodia, Pakistan, Thailand  19%	Carpets	13.7
Bangladesh, Vietnam, Sri Lanka  20%	Gold and silver jewellery	20.5
China  34%	Bedsheets, curtains	Up to 27
	Garments	Up to 37

At 18%, the levy on Indian garments will be marginally lower than the 20% faced by those made in Bangladesh or Sri Lanka. Similarly, Indian carpets, which had lost significant market share, will now be competitive against those shipped from Turkey, while shrimps will be more affordable in American stores.

Even gems and jewellery exporters can heave a sigh of relief as they had lost their competitive edge. With levies on several Chinese products at 34%, Indian goods will have a slight edge.

Some of the sectoral tariffs such as those on auto parts and metals will, however, stay. Businesses are, however, awaiting full clarity on the terms of the trade deal given that there is no joint statement at the moment and the claims made by US President Donald Trump on his social media account have not been fully responded to by Indian authorities.

With India having signed trade deals with the UK and the European Union, businesses will be able to rebalance their portfolios better by diversifying their export destinations and hedge against flip flops by Trump in future.

India's exports to the US have risen 11.3% to \$59 billion between April and Nov led by doubling of smartphone shipments to \$16.7 billion.

Frontloading of exports to beat the tariff deadline, which kicked in from Aug has also aided exports during this period. Besides, nearly 40% of India's exports including electronics and pharma were not impacted by the tariffs.

Deal unlocks power of 2 democracies: Goyal A big day for India-US relations as the trade deal has been locked with a significantly reduced tariff of 18%, paving the way for stronger trade ties and mutual growth...

This historic deal will elevate our strategic partnership and greatly benefit both nations and their people. Business between India and US set to flourish further," Union home minister Amit Shah posted on X. Commerce and industries minister Piyush Goyal said the deal "unlocks the power of two large democracies working together for shared prosperity of their people.

Both India and US are natural allies and our partnership will co-create technologies, co-develop solutions, and work together for peace, growth, and a brighter future for India and the US". "US and India have complementary strengths.

Both countries can co-create technologies and co-develop solutions that will benefit the world. Trade deal between US and India will lead to brighter future for both countries. India-US trade deal is a win-win deal.

Citizens and industries of both countries will benefit greatly from this deal,” IT and I&B minister Ashwini Vaishnaw said. Businesses were also upbeat. Aditya Birla Group chairman Kumar Mangalam Birla said:

“The Aditya Birla Group is the largest Indian investor in the US, and we see this agreement helping shape more resilient supply chains, unlocking manufacturing opportunities and driving long-term economic competitiveness in both the US and India.”

Source: timesofindia.com– Feb 03, 2026

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Exporters on guard as duty remission funds slashed for FY27

Exporters are concerned about the sharp reduction in outlay for the two flagship input-duty remission schemes, RoDTEP and RoSCTL, even as expectations persist that funding could be topped up in the revised budget estimate after the rate rationalisation exercise concludes.

“Allocation under both the scheme is substantially down. We expect that the revised budget estimate will increase the allocation as these refund schemes of duty neutralisation are crucial for our exports,” said Ajay Sahai, Director General, Federation of Indian Export Organisations.

RoDTEP (Remission of Duties and Taxes on Exported Products) refunds embedded Central, State and local taxes not otherwise rebated, helping exporters stay price-competitive in global markets. The budgetary allocation for the scheme for FY27, at ₹10,000 crore, was lower by about 45 per cent than the previous fiscal’s allocation of ₹18,232.5 crore.

The allocation for RoSCTL (Rebate of State and Central Taxes and Levies), which provides similar relief specifically to apparel and made-ups exporters, too, was slashed by 50 per cent in FY27 to ₹5,000 crore from ₹10,010.38 crore in FY26.

A high-level committee led by former secretary Neeraj Kumar Gupta was established in October 2025 to review and recommend revised rates for the RoDTEP (Remission of Duties and Taxes on Exported Products) and RoSCTL (Rebate of State and Central Taxes and Levies) schemes, with the main report due by March 31, 2026. The current RoDTEP rates range between 0.3 to 4.3 per cent.

Reduction in provisions

“The reduction in provisions for RoDTEP in 2026-27, is disappointing. We need to request the government again to at least restore the previous levels, if not increase it. Most councils have submitted the data validating their rates which is actually coming in higher than the allocation. As export is zero rated we should look at complete refund of this tax,” said Israr Ahmed, Director, Farida Group.

Another Delhi-based garments exporter pointed out that a lower outlay could result in a slowing down of payments.

“ We have received a clarification that the budgeted amounts are provisional as both the RoDTEP & RoSCTL schemes are currently under evaluation/ review. We are hoping that the outlay gets increased adequately so that all valid demands of exporters are met,” the exporter said.

Source: thehindubusinessline.com– Feb 02, 2026

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Relaxation to SEZ units on domestic sales will be a limited-time window : Revenue Secretary

The relaxation on domestic sales for special economic zone (SEZ) units proposed in the Budget will be a “limited-time window” to help export-oriented enterprises tide over global uncertainties, said Revenue Secretary Arvind Shrivastava on Monday.

“SEZs’ focus is exports, and that will continue to remain as exports. Therefore, this window being created is expected to be a one-time, limited-time frame window, and we hope, during this period, the various uncertainties and volatilities of the international trade will also pass over, and we will be in a position to get back stability on that front, too,” Shrivastav stated at a CII post-Budget interaction.

To address concerns arising about the utilisation of capacities by manufacturing units in SEZs due to global trade disruptions, Finance Minister Nirmala Sitharaman, in her Budget speech, proposed a special one-time measure to facilitate sales by eligible manufacturing units in SEZs to the domestic tariff area (DTA) at concessional rates of duty. The quantity of such sales will be limited to a prescribed proportion of their exports, she said.

Necessary regulatory changes will be undertaken to operationalise these measures, while ensuring a level playing field for units working outside these zones.

The Revenue Secretary said details to implement the proposal will be worked out, and it will be in the form of an exemption notification under the Customs Act.

“We have to ensure there is a level playing field, where duty doesn’t become a deterrent for SEZs to sell in DTAs; at the same time, the treatment of duty should not be the one which results in non-level playing for DTAs.

“At the end, this balance should be exercised, and we are going to work on finding a good formula for that. SEZs’ focus is exports and that will continue to remain as exports,” said Shrivastava.

During his address he said that the Budget focuses on empowering and honouring honest taxpayers through a trust-based system. “The Budget proposals are designed to convert the vision of a taxpayer-friendly system into practical, operational measures that empower businesses to manage their tax affairs independently and transparently through a trust-based system,” he said.

He stated that in direct taxation, several key reforms have been introduced to enhance taxpayer control. The timeline for revising Income Tax returns has been extended by quarter, allowing taxpayers time to correct errors voluntarily without intervention from the department.

Additionally, the system of updated returns, which has already seen widespread adoption, enables taxpayers to report new or missing information over a four-year period. “These measures ensure that taxpayers can proactively manage their liabilities, reduce disputes, and retain greater control over their assessments,” he noted.

Meanwhile, addressing a separate session, Anuradha Thakur, Secretary, Department of Economic Affairs, Ministry of Finance said the Indian economy has demonstrated strong macroeconomic resilience amid a fragile global environment, supported by a stable financial system that has mitigated risks and laid a solid foundation for sustained growth.

On state finances, she said that “states must judiciously manage resources in line with the Finance Commission’s mandate, with the 50-year interest-free loans to States supporting productivity-enhancing capital expenditure and long-term growth.”

She further noted that the Budget places strong emphasis on manufacturing and services—the twin pillars of growth—along with sector-specific skill development initiatives.

Source: thehindubusinessline.com– Feb 02, 2026

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Duty cut on personal imports to aid more cross-border e-commerce

Finance minister Nirmala Sitharaman on Saturday announced a reduction in customs duty on goods imported for personal use, cutting the levy to 10 per cent from 20 per cent to ease costs for individual consumers.

“To rationalise the customs duty structure for goods imported for personal use, I propose to reduce the tariff rate on all dutiable goods imported for personal use from 20 per cent to 10 per cent,” Sitharaman said while presenting the Budget.

The move applies to items brought into the country by international travellers as well as goods ordered online from overseas for personal consumption — segments that earlier faced relatively high levies. For many consumers, these charges often emerged as surprise costs at airports or during delivery of international parcels.

However, analysts said the impact on cross-border e-commerce is likely to be limited. “Cross-border e-commerce is still a very small part of India’s overall online retail market, so this change may not materially alter consumer behaviour online,” said Satish Meena of Datum Intelligence. He added that the bigger beneficiary would be individuals purchasing products abroad through physical retail and carrying them back into India.

Meena also noted that the duty cut is unlikely to significantly impact logistics or courier companies unless it leads to a meaningful rise in import volumes, as customs duties are ultimately borne by consumers.

Jitendra Motwani, Partner- Tax Practice, Trilegal said, “The revised Baggage Rules strike the right balance between facilitation and enforcement, combining higher duty-free limits upto 75,000 per person with digital compliance and a trust-based settlement mechanism for honest travellers.

By enhancing duty-free thresholds and replacing penalties with a settlement-based approach for bona fide cases, the new Baggage Rules mark a decisive shift towards a passenger-friendly customs regime.”

“Goods for personal use generally include items such as clothing, footwear, personal electronics, gadgets, watches, accessories, household items and certain medicines imported in reasonable quantities and not intended for commercial resale,” said Sukrit Kapoor, partner at King Stubb & Kasiva, Advocates and Attorneys.

The duty cut is also expected to reduce friction at customs checkpoints and make the import process smoother for individual buyers.

Source: thehindubusinessline.com– Feb 01, 2026

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US tariff cut to boost India textile exports, double-digit growth seen

With the United States agreeing to slash tariffs on Indian goods to 18 per cent from 50 per cent, this may well give an added advantage to India's textile and apparel sector versus competitors Vietnam, China, Bangladesh, Pakistan and Indonesia. Key free trade agreements and rising US sourcing from India could lead to monthly double-digit growth in exports in 2026–27, according to industry sources.

The US development comes at a time when the Budget on Sunday lined up several measures to boost the expected demand uptick in the sector.

“We agreed to a trade deal between the United States and India, whereby the United States will charge a reduced reciprocal tariff, lowering it from 25 per cent to 18 per cent,” US President Donald Trump said in a social media post following a call with Indian Prime Minister Narendra Modi.

“Big thanks to President Trump on behalf of the 1.4 billion people of India for this wonderful announcement,” Modi responded on X.

“From FY27, the sector can see month-on-month double-digit growth in apparel and home textile exports, lifting the monthly apparel export run rate to \$1.5 billion to \$1.6 billion from the current \$1.27 billion,” said Prabhu Dhamodharan, convenor, Indian Texpreneurs Federation (ITF).

At nearly \$11 billion, India's exports of textile and apparel items to the US accounted for close to 28 per cent of the country's total exports of these products in the financial year 2024–25.

“This is a huge positive for the Indian textile and clothing industry. From the country having the highest tariff, we are now having the advantage of being the lowest,” said Sanjay Kumar Jain, managing director of Delhi-based TT Ltd and chairman of the ICC National Textiles Committee.

Due to the increased tariff in the US market, the knitwear hub Tiruppur has already witnessed a loss of ₹15,000 crore in 2025 because of the higher duties.

This comes days after the India–European Union deal, which is likely to be a game-changer for the Indian textile and apparel market, as it will open zero-duty access to the \$95 billion European market for Indian manufacturers, in which India’s share is barely 6 per cent, or \$5.5 billion. Industry experts expect this to double to over \$11 billion in the next five years.

The deal may also play a crucial role in India’s ambitious target of achieving \$100 billion worth of exports in the textile and apparel sector by 2030, from \$37.7 billion in FY25.

In December 2025, India signed the Comprehensive Economic Partnership Agreement (CEPA) with Oman. In the same month, India also concluded free trade agreement negotiations with New Zealand. In July 2025, India signed the Comprehensive Economic and Trade Agreement (CETA) with the United Kingdom.

“We thank the government of India for its continuous engagement with the US and appreciate US buyers for their sustained support. We also commend Indian exporters for their resilience — adopting survival export strategies, offering discounted prices, and protecting India’s export market share during a challenging phase. Going forward, the focus must remain on building competitiveness to ensure sustained double-digit export growth over the next decade,” said Dhamodharan.

Source: business-standard.com– Feb 03, 2026

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India-US trade talks: Most sticky issues resolved, says Commerce Secretary

Commerce Secretary Rajesh Agrawal said on Monday that most of the contentious or “sticky” issues in the proposed trade deal between India and the United States (US) have been resolved, signalling progress towards closure of the first tranche of the agreement. However, the secretary did not give a timeline for the finalisation of the deal, or put a number on the level of convergence achieved on both sides.

“Most of the sticky issues are more or less resolved. So we are progressing fast.” Agrawal said during a post-Budget interaction with news channel CNBCTV18. “When it will happen, how fast will it happen? These are the questions I’ll not put a date to, but we are hopeful that we should get it sooner than later,” he said.

As far as the proposed agreement is concerned, two frameworks are still in place — an early harvest deal and a larger framework or Bilateral Trade Agreement (BTA) — which will take time to materialise, because a deep and wider FTA takes longer to materialise. The near-term focus is on the early harvest deal, which can address the reciprocal tariffs.

“Largely reciprocal tariffs are in the good space. So, one of the key discussions in this is how we are able to align our tariffs on both sides, to see that we work towards a more balanced trade between the two nations. That is going to be the core of whatever we achieve in the first (tranche),” Agrawal said, adding that the early harvest pact will also look into areas such as non-tariff measures that both sides face.

India-US BTA negotiations were launched in March and have so far included half a dozen rounds of talks. The most recent informal discussions took place in New Delhi during the visit of a trade team headed by the deputy US Trade Representative (USTR) in December. Thereafter, discussions were on pause due to the year-end holiday season, amid the missed ‘Fall’ deadline and uncertainty regarding the finalisation of the deal. Both sides are currently engaged virtually. No fresh in-person rounds of discussion have been planned yet.

Source: [business-standard.com](https://www.business-standard.com)– Feb 02, 2026

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India-US trade deal: US cuts tariffs to 18%, India gains edge over regional peers

New Delhi: The US slashing tariffs to 18% from 50% on Indian goods gives New Delhi a slight edge over Vietnam, Sri Lanka, Bangladesh, Pakistan and other Southeast Asian countries that face 19-20% US tariffs. The EU, the UK, Japan and South Korea have rates between 10% and 15%.

"Delighted that Made in India products will now have a reduced tariff of 18%. Big thanks to President Trump on behalf of the 1.4 billion people of India for this wonderful announcement," Prime Minister Narendra Modi said in a post on X.

Exporters said that even after the trade deal, US Section 232 tariffs on steel, aluminium and copper will remain at 50%, while duties on some auto components will stay at 25%.

"It is unclear what India is actually committing to in terms of zero tariffs and non-tariff barriers, especially in sensitive sectors such as agriculture and regulated imports," said a trade expert, adding that zero tariffs for pharmaceuticals, aircraft and parts, and some mechanical and electronic components will continue.

Till now, India had been among the highest-tariffed economies. The US had imposed a 50% tariff, half of which was a penalty for the purchase of Russian oil.

"This reduction in tariff will ensure our textile and apparel exporters are once again in a position to compete effectively in the US market, the single-largest market for India's textile and apparel exports. This deal will also ensure that factories can run at full steam once more and job creation can get back to previous levels," said Ashwin Chandran, chairman of the Confederation of Indian Textile Industry (CITI).

The US has slapped a 50% tariff on Brazil, 30% on South Africa and 25% on Mexico. Developed economies such as Canada face a 35% tariff and Switzerland 39%.

Source: economictimes.com– Feb 02, 2026

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Budget makes a targeted push to drive manufacturing, exports

The Union budget adopted a manufacturing-led strategy to support exports and strengthen India's integration into global supply chains, at a time when geopolitical tensions and trade disruptions are reshaping sourcing decisions worldwide.

Presenting the budget, finance minister Nirmala Sitharaman said the government's focus would be on lowering input costs, easing compliance and improving logistics and trade facilitation, rather than relying solely on incentives, to position India as a global manufacturing and sourcing destination.

A key plank of the export push is targeted customs relief for labour-intensive sectors. The budget raised the limit for duty-free imports of specified inputs used for processing seafood exports from 1% to 3% of the free-on-board (FOB) value of the previous year's export turnover, a move aimed at easing cost pressures in the marine sector.

Mint had reported on 31 January that budget 2026 was expected to mark a reset in the government's manufacturing support strategy, shifting from incentives and protection towards removing everyday frictions that limit firms' ability to scale and compete globally.

Manufacturing is a central pillar of India's economic growth, contributing 16-17% of GDP and employing over 27 million workers.

Duty-free import benefits for the leather and footwear industry were also expanded to include shoe uppers, in addition to finished leather and synthetic footwear, providing greater flexibility in sourcing inputs and supporting domestic value addition. The government further extended the export obligation period under the Advance Authorisation Scheme from six months to one year for exporters of textile garments, leather apparel and leather or synthetic footwear, addressing long-standing concerns around production timelines, working capital stress and compliance risks. Signalling a parallel push to strengthen capital goods manufacturing, the finance minister announced that a scheme for enhancement of construction and infrastructure equipment (CIE) will be introduced to support domestic production of high-value and technologically advanced equipment.

“This can range from lifts in multi-storey apartments and firefighting equipment to tunnel-boring machines used in metro rail and high-altitude road projects,” Sitharaman said. The announcement aligns with the government’s emphasis on self-reliance in capital goods amid changing geopolitical conditions and supply chain vulnerabilities. The government had recently updated the standards for lifts, as reported by Mint on 3 December, 2025.

For smaller exporters, MSMEs and e-commerce sellers, the removal of the ₹10 lakh per-consignment cap on courier exports is expected to improve access to overseas markets by enabling higher-value shipments through courier mode, without the need to shift to more complex cargo channels. Beyond export-linked measures, the Budget uses customs policy as a tool to strengthen domestic manufacturing capabilities in strategic sectors.

Basic customs duty has been exempted on raw materials imported for manufacturing aircraft parts used in maintenance, repair and overhaul (MRO) activities by defence sector units, supporting domestic aviation and defence MRO capacity. In consumer electronics, the government announced zero basic customs duty on specified parts used in the manufacture of microwave ovens, signalling a push towards deeper domestic value addition.

Clean energy and critical materials also feature prominently in the tariff changes. The Budget reduced customs duty on sodium antimonate used in solar glass from 7.5% to nil, and exempted capital goods required for manufacturing lithium-ion cells for battery energy storage systems, while customs duty on monazite was cut to zero. In health care, basic customs duty was exempted on 17 additional drugs and medicines, including those used for rare diseases, as well as on key diagnostic components such as X-ray tubes and flat-panel detectors.

"The Budget simplifies the customs tariffs by rationalizing exemptions and embedding effective rates, while extending targeted duty relief to strengthen domestic manufacturing and exports as well as allowing supplies from a SEZ to domestic tariff area at concessional rate. Crucially, customs is transitioning to a trust-based, fully digital framework along with AI-enabled scanning, faster clearances and predictable rulings marking a significant step forward in ease of doing business. It also gives a boost to cross-border e-commerce exports by removing procedural and value-related constraints, enabling wider global market access for Indian

MSMEs and start-ups," said Bipin Sapra, partner and national indirect tax policy leader, EY India.

According to an analysis by the Global Trade Research Initiative (GTRI), the Budget marks a shift towards targeted tariff exemptions rather than broad-based duty cuts, with emphasis on manufacturing, clean energy, defence, health care and exports. "Rather than headline tariff cuts, the Budget focuses on targeted exemptions and process reforms aimed at reducing input costs and improving certainty for long-gestation and capital-intensive projects," said Ajay Srivastava, co-founder of GTRI.

At the same time, the Budget introduced selective tariff increases, including a higher basic customs duty on potassium hydroxide from nil to 7.5%, and revised duties on umbrellas and umbrella parts, reflecting a calibrated approach that combines input liberalization with limited protection for certain consumer goods. While the tariff measures are country-neutral, GTRI noted that they align closely with global strengths in aerospace, nuclear technology, clean energy equipment, electronics and medical devices, potentially improving market access for foreign suppliers in capital-intensive segments of the Indian market.

Highlighting the broader reform context, Sitharaman said, "Our government has undertaken comprehensive economic reforms towards creating employment, boosting productivity and accelerating growth. Over 350 reforms, including GST simplification, notification of Labour Codes, and rationalisation of mandatory Quality Control Orders, have been rolled out." She added that the Centre is working with state governments to further deregulate and reduce compliance burdens.

The government has withdrawn 50 products from mandatory QCO requirements to ease compliance burdens, encourage manufacturing activity, and allow smoother imports of raw materials without procedural obstacles.

"The package of measures reflects the government's broader attempt to align customs policy with manufacturing, export promotion, and public welfare objectives, while easing cost pressures across sectors facing global competition and domestic capacity constraints," said Abhash Kumar, trade economist and assistant professor at Delhi University.

Industry executives said the construction equipment announcement could provide a significant boost to domestic capital goods manufacturing. Deepak Shetty, managing director and CEO of JCB India, said the focus on high-value equipment such as tunnel-boring machines, earthmoving equipment and crane systems is expected to drive demand for advanced locally produced machinery, spur innovation and strengthen India's position as a competitive manufacturing hub in the global construction ecosystem.

Customs duties are important as they shape manufacturing by influencing input costs, competitiveness and investment decisions. Lower duties on raw materials, components and capital goods reduce production costs, support value addition and improve export competitiveness, while selective duties on finished goods can give domestic manufacturers room to scale up.

Source: [livemint.com](https://www.livemint.com)– Feb 02, 2026

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Steps to tackle US tariff hike: Tiruppur knitwear exporters to meet FM Nirmala Sitharaman

TIRUPPUR: With no major announcements made in the Union Budget to address the impact of the US tariff hike, Tiruppur exporters are planning to meet with Union Finance Minister Nirmala Sitharaman soon.

KM Subramanian, president of the Tiruppur Exporters' Association (TEA), said, "The Union Budget is growth-oriented and is leaning towards the development of the textile industry.

However, the Tiruppur knitwear industry has experienced a slight slowdown due to the US tariff hike. To meet this, we expected certain announcements in the Union Budget, including the Focus Market Scheme and strengthening of the interest subvention scheme.

However, these expected announcements were not included. Therefore, we will soon meet with the union finance minister or reach out to her through a letter."

Earlier, the knitwear industry had requested the union government to announce various schemes to mitigate the impact of the US tariff hike.

In particular, they had requested a Focus Market Scheme (FMS) for apparel exports to the US. Under the proposed scheme, exporters should be provided a freely transferable incentive scrip equivalent to 20% of the FOB value of exports, aligned with the period for which the additional US tariff remains in force.

Also, industry people had requested an increase in the interest subvention rate to 5% from 2.75%, along with relaxation of the ₹50 lakh annual cap, to meaningfully support MSME exporters.

During a discussion on Monday on the Union Budget 2026-27, Subramanian responded to various queries posed by TNIE. "We are bringing the impact of the US tariff hike to the government's attention through letters and the media. We hope the union government will bring an amicable solution to this soon," he said.

Further, Subramanian said the recently concluded Free Trade Agreement (FTA) with the European Union (EU) would help recover from the impact caused by the US tariff hike. "We currently export about 40% of our knitwear to the EU. After the FTA, our exports are set to double in three years," he said.

"Since some specific styles of knitwear garments are available only with us, a certain percentage of US buyers prefer to continue doing business with Tiruppur knitwear makers. We are currently offering them a 15-25% discount. They believe that this tariff burden will be lifted soon," he added.

V Elangovan, vice president of TEA, said, "We currently export only \$13 billion worth of knitwear to the EU. The FTA may increase it to \$40 billion in a short term, helping offset the impact of the high US tariffs. A similar FTA had provided a huge boost to Bangladesh."

Kumar Duraiswamy, joint secretary of TEA, said, "So far, there have been no job losses in Tiruppur due to the impact of the US tariffs, but the working hours of workers have been reduced. Before the tariff issue, there was a shortage of one lakh workers in Tiruppur."

Source: newindianexpress.com – Feb 03, 2026

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Measures announced to scale up textile production with job creation in focus

CHENNAI: Union Finance Minister Nirmala Sitharaman on Sunday proposed five schemes under the Integrated Programme for textile industry, which is reeling under the US tariffs pressure since 2025, to revive the sector and generate skilled labourers, focusing on Tier 2 and 3 cities of the country.

Textile sector is largest blue collar job generator in India, employing nearly 45 million people according to the government data.

Against the backdrop of signing of proposed free trade agreement with EU and the UK, where India has received duty-free export access for textile and apparel products, the government has announced National Fibre Scheme for self-reliance in natural fibres such as silk, wool, and jute as well as man-made fibres and new-age fibres; Textile Expansion and Employment Scheme to modernise traditional clusters with capital support; National Handloom and Handicraft programme; Tex-Eco Initiative; and SAMARTH 2.0 to upgrade textile skilling ecosystem.

It has also proposed to set up Mega Textile Parks and launch the Mahatma Gandhi Gram Swaraj initiative to strengthen khadi, handloom and handicrafts.

Under the Integrated Programme, the government has earmarked Rs 1500 crore for FY27.

The Centre also aims to make India a global hub for high-quality and affordable sports goods. The government also plans to bring a scheme to revive 200 legacy industrial clusters.

Apparel Export Promotion Council (AEPC) Chairman A Sakthivel said this budget provides a roadmap for strengthening India's textile and apparel ecosystem, with a strong focus on self-reliance, sustainability, employment generation and global competitiveness.

Tiruppur Exporters' Association President KM Subramanian said the measures signal clear outcome-oriented intent to modernise the sector, strengthen livelihood across the value chain, and accelerate India's competitiveness in domestic and global markets.

However, staffing experts believe skilling through SAMARTH 2.0 and Gram Swaraj initiative is a timely push, execution of these schemes remains a challenge. Shantanu Rooj, Founder and CEO TeamLease Edtech, said, “The real challenge, however, lies in last-mile execution—most textile units are small, informal enterprises with limited access to technology, credit and formal skilling.

Success will depend on simple delivery mechanisms, academia-industry partnerships and state-level coordination to ensure MSMEs can actually absorb and benefit from these reforms. An enabling ecosystem shall create the right conditions for a new future to bloom.”

Source: fibre2fashion.com– Feb 01, 2026

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Indian textile players hail Budget's ESG & circularity thrust

India's textile and fashion industry has welcomed the Union Budget 2026–27's strong emphasis on sustainability, circularity and responsible manufacturing, calling it a timely shift as global markets tighten environmental expectations and ESG-linked sourcing becomes a key determinant of competitiveness.

Industry stakeholders said the Budget signals a transition away from volume-driven growth towards a value-led, low-carbon and traceable textile ecosystem, supported by initiatives such as the Text-ECO initiative, the National Fibre Scheme, Samarth 2.0, and sustainability-linked capacity building.

Shruti Singh, Country Director–India at Canopy Planet, said, “This Budget creates enabling conditions for India to lead in manufacturing of low carbon textile fibres and paper packaging. Investing in circular material ecosystems can meet business ESG goals, create domestic fibre security and global export competitiveness,” she said.

Singh added that as demand grows across textiles, packaging and paper-based applications, the real test will lie in responsible sourcing. “For companies linked to forest-based supply chains, this is a moment to strengthen traceability, reduce deforestation risk, and move sustainability from intent to execution,” she noted.

From a fashion brand perspective, Amar Nagaram, co-founder of Virgio, said the Budget clearly links sustainability with innovation and design-led growth. “India's next phase of growth will be driven by the convergence of design, technology and sustainability.

The emphasis on sustainable textiles, MSME scale-up, AI-led innovation and design education reflects a long-term vision to move Indian manufacturing up the global value chain,” he said. Nagaram added that the policy direction supports responsible production, data-driven decision-making, and positions India as a credible global hub for future-ready fashion and lifestyle businesses.

At the manufacturing end, Sabhari Girish, chief sustainability officer at Sulochana Cotton Spinning Mills, Tiruppur, said that sustainability and circularity receiving prominence in the Budget is encouraging for the sector. “Circularity and sustainability taking a prominent spot in the Budget speech is a positive signal.

The announcement of Text-ECON will help Indian textile companies showcase their environmentally friendly contributions to the world,” he said. Girish noted that upcoming FTAs with the UK and EU are expected to sharpen the focus on sustainability, adding that Samarth 2.0 will play a critical role in skilling the workforce with updated technologies across the value chain, from fibre to garments.

He also pointed out that the National Fibre Scheme could enhance the quality and global competitiveness of Indian-made fibres, though capital-intensive modernisation will require a clear funding roadmap. “Adopting best practices needs more support, and a proper roadmap will help indigenous fibres take centre stage,” Girish said, while welcoming the proposal to upgrade sports goods manufacturing as a boost for R&D and technical textiles.

Industry experts said the Budget’s sustainability-led approach aligns closely with stricter environmental regulations in markets such as the EU and UK, and could strengthen India’s positioning as a responsible, compliant and future-ready sourcing destination.

Source: fibre2fashion.com– Feb 02, 2026

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Mid-premium apparel segment grows by 25% CAGR in 2026

India's apparel sector is undergoing a profound structural shift as the mid-premium segment achieves a staggering 25 per cent CAGR as of early 2026. This 'premiumization' trend marks a departure from volume-led, price-sensitive buying toward intentional, quality-driven consumption. According to the Deloitte India 2026 Fashion Report, 'accessible premium'—products offering superior craftsmanship and brand trust without luxury price tags—is redefining the domestic market. This transition is further fueled by the Union Budget 2026–27, which introduced the National Fiber Scheme to enhance the availability of high-grade natural and man-made fibers, ensuring manufacturers can meet the rising demand for durable, high-performance textiles.

Fiscal catalysts and infrastructure modernization

To capitalize on this \$194 billion opportunity, the government has launched the Tex-Eco Initiative, a strategic framework designed to align Indian textile manufacturing with international ESG (Environmental, Social, and Governance) standards. By integrating the Textile Expansion and Employment Scheme, the budget provides capital support for machinery upgrades in traditional clusters, aiming to bridge the 30 per cent productivity gap currently seen in mid-tier manufacturing. Industry analysts suggest that these policy interventions, combined with the India-EU Free Trade Agreement, will allow Indian apparel to transition from basic commodities to high-value, design-led exports.

Domestic resilience amid global volatility

While global apparel markets face stagnation, India's domestic consumption remains a critical stabilizer, contributing nearly 80 per cent of total industry revenue. The rise of accessible premium has pushed the Average Selling Price (ASP) in urban centers by 18 per cent Y-o-Y as consumers prioritize longevity over fast-fashion cycles. The Indian consumer is no longer chasing fashion for visibility but for meaning and confidence, stated Anand Ramanathan, Partner, Deloitte India. With the PM MITRA Mega Textile Parks now focusing on higher-margin technical textiles, the industry is well-positioned to reach its ambitious \$250 billion domestic market target by 2030.

Spearheaded by organized retailers, India's mid-premium apparel segment focuses on high-quality ethnic and Western wear. Key growth plans include expanding into Tier-II and Tier-III cities through omnichannel strategies. With a projected 25 per cent CAGR, the segment is the primary driver of the \$115 billion domestic apparel market, supported by new 2026 textile-specific skilling programs.

Source: fashionatingworld.com– Feb 02, 2026

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