

Currency Watch			
USD	EUR	GBP	JPY
94.26	110.24	127.67	0.59

INTERNATIONAL NEWS	
No	Topics
1	Trump Threatens New, 'Big' Tariffs on UK Over Digital Services Tax
2	US manufacturing activity hits 4-year high: White House
3	Middle East tensions reignite Europe's energy risks: S&P
4	Cambodia, Vietnam urged to upgrade border checkpoints into global ones
5	Why Fast Fashion Can't Escape Hormuz Oil Crunch
6	Brazil's fiber powerhouse: Record export momentum meets 2026 supply headwinds
7	Vietnam's economy maintains strong momentum amid uncertainties: AMRO
8	New Zealand's apparel imports dip slightly to \$1.18 bn in FY2025-26
9	Bangladesh accelerates circular transition to shield apparel exports post-LDC graduation
10	Bangladesh home textile exports fall 47% in Q1

NATIONAL NEWS	
No	Topics
1	Shri Piyush Goyal Urges Industry to Leverage Education, Talent Mobility and Cross-Sector Opportunities Under India–New Zealand FTA
2	Adverse impact of Iran war may hit India largely in Q1 FY27: ICRA
3	Piyush Goyal to meet exporters on Monday as India signs FTA with New Zealand
4	Exporters upbeat as India, New Zealand set to sign FTA on Monday
5	Textiles and garment exports fall 2.2% in 2025-26: Global Trade Research Initiative
6	'India diversifying strategy to boost exports to China, reduce imports'
7	Separation between economics & strategy that was taken for granted has collapsed in 21st Century
8	Bharat Tex 2026: Apparel leaders urged to promote India as key textile sourcing hub
9	The FTA cautionary tale: What India-Korea trade warns us about new global deals

INTERNATIONAL NEWS

Trump Threatens New, 'Big' Tariffs on UK Over Digital Services Tax

The United Kingdom is once again in President Donald Trump's tariff crosshairs.

Speaking to reporters at the Oval Office on Thursday, the president said he planned to hit the U.K. with harsh duties if it fails to walk back its digital services tax, which targets tech companies like Meta, Alphabet, Amazon and Apple with a 2 percent duty on revenue generated by their products within the country.

Introduced six years ago, the tax applies to the social media platforms, search engines, online marketplaces and other online applications utilized widely by consumers across the globe that generate global revenues of 500 million pounds (\$673 million) per year. Under the law, 25 million pounds of that revenue must be made in the U.K.

In Trump's view, the law disproportionately targets American companies, as some of the world's most successful firms are Silicon Valley stalwarts. He accused the British government of taking cheap shots at U.S. tech firms, and he said the actions could have consequences in the form of new duties.

"They think they're going to make an easy buck. That's where they've taken advantage of our country," Trump said. "We've been looking at it, and we can meet that very easily by just putting a big tariff on the U.K."

The digital services tax generated about 800 million pounds (\$1.08 billion) in revenue for the country's government in fiscal 2024-2025 and about 944 million pounds (\$1.27 billion in fiscal 2025-2026). Tax Justice U.K. estimated that the levy would rake in between 4.4 billion pounds (\$5.9 billion) and 5.2 billion pounds (\$7 billion) between 2024 and 2029.

On Friday, U.K. Prime Minister Keir Starmer's office responded to Trump's threat, saying, "Our position on that is unchanged. It is a hugely important tax to make sure that those businesses continue to pay their share. So it is a fair and proportionate approach to taxing business activities in the U.K."

On Thursday, Trump indicated that he could use tariffs to generate revenue for the U.S. federal government worth “more than what they’re getting” from the digital services tax. “What we’ll do is we’ll reciprocate by putting something on that’s equal or greater than what they’re doing,” he said. France, Italy and Spain also have digital services tax programs and have seen similar threats of retaliation from the president in recent months.

Notably, the U.K. government had agreed to phase out the tax in 2021 with the goal of replacing it in 2024 with a different global statute following the Organisation for Economic Cooperation and Development (OECD) brokering a pact between 140 countries. Under that agreement, large, multinational firms would pay a minimum 15 percent corporate tax rate in the countries they do business in, but the rollout has been stymied by concerns from multiple nations. The digital services tax has been a particular point of contention between the U.S. and the U.K. for some time, and was a topic of major discussion during trade negotiations last year. However, the tax remained intact even as the two countries announced a trade deal in May of 2025.

Earlier this month, Trump suggested that the deal “can always be changed.” Tensions have ratcheted up between the two trading partners, with Starmer’s government indicating that the country does not intend to get involved in the war in Iran being waged by the U.S. and Israel. The U.K. will not take offensive actions in the context of the conflict, and will take a “defensive-only” stance as it works with allies to urge deescalation, it has said.

According to a report from Reuters on Friday, an internal Pentagon email reveals a plan to punish NATO allies that don’t support the U.S. war effort. One of the concepts discussed was revoking U.S. support for the U.K.’s claim to the Falkland Islands in the South Atlantic, along with suspending Spain from NATO. Meanwhile, King Charles III and Queen Camilla are slated to visit Washington next week as part of the celebration of the 250th anniversary of America’s independence. Asked whether he believes the visit could help alleviate some of the tensions between the nations, Trump said, “Absolutely, the answer is yes.”

Source: wwd.com – Apr 24, 2026

[HOME](#)

US manufacturing activity hits 4-year high: White House

US manufacturing is witnessing a surge across the country as the sector is growing for the third consecutive month, with key indicators showing broad strength, the White House recently said.

The Institute for Supply Management's (ISM) key manufacturing index—which tracks factory activity across the country—registered the sector's third straight month of expansion for its highest reading since 2022.

The ISM new orders index expanded for the third consecutive month as both domestic and global buyers turn to US-made goods. The production index expanded for the fifth consecutive month and is accelerating as factories run at a pace not seen since before the Joe Biden-era slowdown, a White House release said.

The Federal Reserve Bank of Philadelphia's manufacturing index surged in April, smashing expectations.

The manufacturing sector capped off the first quarter of 2026 with the first positive manufacturing job growth in three years. In a year, real manufacturing worker pay increased by \$2,400 under President Trump after falling by \$830 during President Biden's four years in office.

The broader US economy has now expanded for 17 consecutive months, a streak of sustained growth the Biden Administration was never able to deliver.

Meanwhile, US Trade Representative Jamieson Greer testified this week before the House of Representatives Ways and Means Committee to lay out how Trump's trade policy is delivering tangible results for American workers and their families, eliminating long-standing trade barriers abroad while reshoring jobs and production back home.

He highlighted the surge in orders for capital goods used for production, exceeding \$4 billion each month of the fourth quarter of 2025.

Source: fibre2fashion.com – Apr 25, 2026

[HOME](#)

Middle East tensions reignite Europe's energy risks: S&P

Europe faces renewed economic risks as escalating Middle East tensions disrupt energy markets, echoing the shock experienced in 2022 following the loss of Russian oil and gas supplies, according to S&P Global Ratings. While the region is better prepared than before, rising energy prices are already feeding into inflation and broader economic pressures.

Energy shocks typically unfold in stages, beginning with a direct rise in oil and gas prices that increases costs for households and businesses. These pressures then spread across supply chains within a few quarters, raising prices in sectors such as transport, food, and metals. A further phase may emerge if trade disruptions intensify, creating bottlenecks in imports, S&P Global said in a report.

Europe's exposure to the Middle East remains significant, with the EU importing around \$110 billion worth of goods annually from the region, accounting for about 4 per cent of total imports. Nearly half of this comes from Saudi Arabia and Iraq, while about \$40 billion in non-energy goods depend on safe passage through the Strait of Hormuz, a key global shipping route.

The impact is already visible in prices. Eurozone inflation is expected to rise to 3-3.5 per cent in April, up from 2.6 per cent in March, as higher energy costs filter into consumer prices.

Business surveys indicate that companies are raising selling price expectations, signalling broader inflationary pressures beyond energy markets. Central banks may respond with tighter monetary policy, increasing borrowing costs and potentially dampening economic confidence, the report mentioned.

Europe's energy structure presents a mixed picture. The region imports nearly two-thirds of its energy, with around 14 per cent sourced from the Middle East. Germany and Italy remain particularly exposed due to limited domestic resources, while France benefits from its nuclear capacity and the UK is relatively less dependent on Middle Eastern supplies. Overall, Europe's vulnerability is lower than in 2022, when Russia accounted for up to 35 per cent of energy needs.

Supply chain risks are also emerging. Although energy shipments continue to reach major ports such as Rotterdam and Antwerp, critical dependencies remain. Products such as cyclohexane, polypropylene, polyethylene, and aluminium rely heavily on Middle Eastern supply routes, particularly through the Strait of Hormuz. Disruptions could affect industries ranging from packaging and petrochemicals to automotive and construction.

While some resilience exists, including alternative shipping routes from Saudi Arabia, analysts caution that supply chains are only as strong as their weakest link. Prolonged disruption in energy and trade flows could amplify economic strain across Europe in the months ahead, added the report.

Source: fibre2fashion.com – Apr 25, 2026

[HOME](#)

Cambodia, Vietnam urged to upgrade border checkpoints into global ones

Cambodia Chamber of Commerce (CCC) president Neak Oknha Kith Meng recently urged the governments of Cambodia and Vietnam to consider upgrading all bilateral border checkpoints into international checkpoints to facilitate trade, investment, tourism and cross-border movement of people.

Addressing the ‘Cambodia-Vietnam Business Dialogue 2026’ organised by the Vietnamese embassy and the Cambodia-Vietnam Business Association, Meng and Vietnamese ambassador to Cambodia Nguyen Minh Vu said both sides have set an ambitious target to increase bilateral trade volume to \$20 billion in the near future.

Meng said the dialogue would significantly contribute to strengthening and expanding bilateral cooperation in economy, trade and investment.

Chea Vuthy, secretary general of the Cambodian Investment Board of the Council for the Development of Cambodia (CDC), encouraged Vietnamese investors to explore several sectors in Cambodia, according to Cambodian media outlets.

The event was attended by over 200 delegates from Vietnamese enterprises, Vietnamese-origin businesses operating and investing in Cambodia, as well as Cambodian enterprises.

Vietnam is Cambodia’s third-largest trading partner and fifth-largest investor now, with 223 projects and total registered capital of nearly \$3 billion.

In the first three months of 2026, trade between both sides reached \$2.27 billion—down by 3.2 per cent compared to the same period in 2025.

Source: fibre2fashion.com – Apr 25, 2026

[HOME](#)

Why Fast Fashion Can't Escape Hormuz Oil Crunch

As the de facto closure of the Strait of Hormuz continues to send oil and gas prices skyrocketing, fast fashion companies reliant on cheap synthetic fibers could be squeezed like never before.

Polyester is the dominant material in the apparel industry, accounting for nearly 60 percent of global fiber production. Footwear, too, is hardly immune. Roughly 60-75 percent of materials in modern shoes are derived from petrochemicals, according to a recent Footwear Distributors and Retailers of America analysis.

Just last week, Teijin Frontier, a key subsidiary of Japan's Teijin Group, implemented an "emergency" sales price revision, raising prices on filament and staple fibers, spun yarns and nonwoven fabrics by at least 20 percent and textiles by 15 to 25 percent. At the beginning of April, Eastman hiked prices for all polyester and copolyester products by 25 cents per kilogram, citing the "extreme cost escalation" of oil-derived raw materials, energy and logistics.

Coats Bangladesh, a leading industrial sewing thread manufacturer, announced a 15.5 percent price increase effective April 15 due to "rapid escalation in oil-derived feedstock costs" and higher transportation expenses. Coim U.S.A., which specializes in polyurethanes, polyesters and specialty resins, likewise instituted price jumps this month to offset raw material cost increases.

As a result, the FDRA projects that a \$20 FOB price for sneakers in February 2026 could rise to \$20.30 FOB by mid- to late-summer for fall/winter retail, while the American Apparel & Footwear Association estimates that each garment could also cost 10-15 cents more to produce.

The surge has given natural fibers a competitive edge, at least for now. On Tuesday, previously sleepy cotton futures hit a two-year high of 81 cents per pound, up more than 20 percent since the United States and Israel attacked Iran in February. The increase has everything to do with the price of Brent crude, now surpassing \$100 per barrel.

Meanwhile, production timelines are also getting pushed back due to logistical bottlenecks tied to the Iran war forcing shipments around the Cape of Good Hope, adding 15-20 days to transit times and 25-30 percent to shipping costs.

For brands like Shein, which employs polyester in up to 80 percent of its clothing while operating on narrow profit margins and infamously short production timelines, that combination is a “triple whammy” of price increases that will be “dramatic and felt immediately, with limited capacity to absorb them,” said Rachel Kitchin, senior corporate climate campaigner for fashion and IT at Stand.earth, a Toronto environmental nonprofit.

Even turning to recycled feedstocks won’t shield polyester-dependent sportswear purveyors like Adidas and Nike from price shocks for long, she added. Polyester recycling is a power-hungry process, and as high energy costs filter through to rPET manufacturers, those prices will also become more erratic.

Even so, recycled polyester from discarded plastic bottles still comprises only 12 percent of polyester production. Textile-to-textile recycling, while promising, has yet to achieve so-called “circular” polyester at scale.

But while Kitchin expects more designs to shift toward cotton or cotton blends, going au naturel isn’t a cure, she said. Simply put, cotton cannot replace polyester at the rate and volumes fast fashion companies churn out. If anything, attempting this will place unprecedented stress on natural ecosystems that are already on the brink.

“Fossil fuels, and cheap synthetic fibers specifically, underpin the explosion in production volumes that we’ve seen over the last few decades, allowing companies to make drastically more products for less, and organic fibers simply can’t be produced as quickly or at as high volumes,” she said.

There’s also the fact that conventional cotton production is heavily dependent on chemical fertilizers—supplies of which are also affected by the conflict in the Middle East. If the fighting doesn’t ease, farmers’ ability to produce at scale could suffer.

“Fertilizers are not just impacted by oil prices, but also by the fact that nearly half of the world’s traded urea—the most widely used fertilizer—and large volumes of other fertilizers are exported from Gulf countries via the Strait of Hormuz, making global agriculture highly exposed to any disruption there,” said Nusa Urbancic, CEO at the Changing Markets Foundation, a Netherlands-headquartered consumer watchdog.

The pressures could extend beyond materials. Textile production is an energy-intensive business that requires a staggering amount of electricity. Unchecked energy prices could strain textile mills beyond their limits, even leading to closures.

In Bangladesh, where 90 percent of the garment sector’s energy comes from on-site generation, predominantly gas, manufacturers facing the loss of already razor-thin margins may be forced to cut costs wherever possible. That could have knock-on effects for workers if factories must choose between maintaining production and cooling facilities just as the country enters its hottest months, Kitchin said.

Another way fast fashion brands could feel the pinch, according to Urbancic: Consumers facing cost-of-living increases are less likely to shell out on non-essentials.

Kitchin said that the businesses best positioned to weather the crisis will be those that “really learn” from it. That means building long-term supplier relationships based on trust, with sufficient margins to absorb volatility while investing in electrification and renewables; shifting away from volatile synthetics toward closed-loop recycled or regeneratively farmed materials less dependent on petrochemicals and fertilizers; and adopting slower production cycles that don’t hinge on bringing new products to market within days or weeks.

What all this ultimately points to is a long-overdue transformation in how clothes are made. “Zooming out, it’s worth noting that we’re now into the fourth major global shock to supply chains in just six years, and we have to ask how long this kind of instability can be hand-waved away as a short-term hurdle rather than a fundamental flaw,” she said.

Source: wwd.com – Apr 24, 2026

[HOME](#)

Brazil's fiber powerhouse: Record export momentum meets 2026 supply headwinds

Brazil has reinforced its standing as the world's leading cotton exporter, with the state of Mato Grosso alone shipping a record-shattering 219,760 tons in March 2026. This performance - a 2.62 per cent Y-o-Y increase - marks the highest volume ever recorded for the month. National export revenues in the broader agricultural segment increased by 5.9 per cent in the first quarter, driven by aggressive demand from China, which currently absorbs over 30 per cent of Brazil's trade flow. This historic shipment cycle is the culmination of a high-yield 'bumper' season, successfully positioning Brazilian fiber as a more cost-effective alternative to US upland cotton in Asian textile hubs.

Anticipated production contraction and acreage shifts

Despite current export records, the MY26/27 signals a deliberate structural retreat. The Brazilian Cotton Producers Association (Abrapa) forecasts a nearly 10 per cent decline in total lint production, with output estimated at 3.829 million tons.

This contraction is fueled by high interest rates and a strategic 5.5 per cent reduction in planted area as mid-sized farmers rotate land toward corn to optimize soil health and mitigate credit risks. The reduction in area is a calculated response to global supply surpluses and the rising competitiveness of synthetic fibers, stated Marcio Portocarrero, Executive Director, Abrapa.

Textile market dynamics and pricing trajectory

The looming supply tightening has already catalyzed a recovery in international pricing. As of late April 2026, benchmark cotton futures have breached the 80-cent mark, hitting two-year highs as expectations of reduced yields in both Brazil and dry-stricken US regions intensify. For the global apparel industry, this shift suggests a move away from the surplus-driven price lows of 2025.

Textile enterprises are currently accelerating inventory restocking to lock in rates before the forecasted 'destocking cycle' takes full effect. Brazil's ability to maintain high carryover stocks will be the critical buffer for global spinning mills facing a volatile 2026 harvest outlook.

A premier supplier of sustainable cotton

Brazil is a premier global supplier of high-quality, sustainable cotton, led by the state of Mato Grosso. The industry focuses on high-volume exports to China and Southeast Asia. While current exports are at record highs, 2026 plans involve a strategic 10 per cent production cut to stabilize margins against rising operational costs.

Source: fashionatingworld.com– Apr 25, 2026

[HOME](#)

Vietnam's economy maintains strong momentum amid uncertainties: AMRO

Vietnam's economy has demonstrated notable resilience despite continuing global uncertainties, according to Singapore-based ASEAN +3 Macroeconomic Research Office (AMRO).

Growth in the country has been underpinned by strong export-oriented manufacturing, sustained foreign direct investment and firm domestic demand, it said in a press release.

Credit growth has been brisk and there are incipient signs of risk accumulation. Safeguarding macro-financial stability will require a prudent, well-calibrated policy mix that avoids procyclicality, while managing emerging macro-financial pressures, the release mentioned.

AMRO supports macroeconomic resilience and financial stability of the ASEAN+3 region, comprising members of the Association of Southeast Asia Nations (ASEAN) and China, Japan and South Korea.

This preliminary assessment follows AMRO's annual consultation visit to Vietnam from March 23 to April 3.

"After an exceptionally strong growth performance last year, Vietnam's economic growth is expected to soften to around 7.2 per cent in 2026-27, as the tailwinds from last year's robust external demand gradually fade," said AMRO's deputy group head and principal economist Anthony Tan.

"Domestic demand is expected to remain resilient, underpinned by continued policy support, including the extended VAT rate reductions and planned public infrastructure spending," he added.

Inflation has remained contained so far, staying below the government's operating ceiling of 4.5 percent. However, escalating tensions in the Middle East since February 28 have driven up global energy prices, prompting a sharp increase in retail fuel prices in Vietnam in early March. Continued strong credit growth and rising public expenditures are also expected to add to price pressures, AMRO noted.

Vietnam's current account surplus remained at a record high of 6.7 per cent of gross domestic product (GDP) in 2025, supported by resilient goods exports and strong remittances. At the same time, there were sizable capital outflows.

Vietnam confronts an increasingly challenging risk environment. The surge in energy prices has emerged as the most salient external shock, overshadowing tariff-related uncertainties, AMRO observed.

Prolonged high energy prices could materially impact growth by driving inflationary pressures and dampening domestic demand, added the release.

Source: fibre2fashion.com– Apr 27, 2026

[HOME](#)

New Zealand's apparel imports dip slightly to \$1.18 bn in FY2025–26

New Zealand's apparel imports (HS 61 and 62 combined) stood at NZ\$2,016.81 million (~\$1,189.92 million) in fiscal 2025–26, compared with NZ\$2,047.67 million in fiscal 2024–25, marking a decline of 1.5 per cent year on year, according to Stats NZ data. The moderation reflects cautious sourcing and ongoing inventory adjustments across the retail sector.

Imports of knitted apparel (HS 61) eased to NZ\$1,055.89 million (~\$622.98 million) from NZ\$1,073.66 million, registering a decline of 1.7 per cent. Similarly, non-knitted apparel (HS 62) imports fell to NZ\$960.92 million (~\$566.94 million) from NZ\$974.01 million, down 1.3 per cent. The parallel softness across both segments indicates broad-based stabilisation in garment demand rather than category-specific weakness.

In contrast, textile fabric imports (HS 60) showed strong growth, rising to NZ\$62.84 million (~\$37.08 million) in fiscal 2025–26 from NZ\$50.61 million in the previous fiscal, marking an increase of 24.2 per cent. This suggests relatively steady demand for intermediate inputs even as finished apparel imports softened.

In March 2026, New Zealand's apparel imports (HS 61 and 62 combined) rose year on year, indicating a pickup in sourcing activity after a subdued start to the year. Imports of knitted apparel (HS 61) increased to NZ\$104.01 million (~\$61.37 million) from NZ\$93.20 million, up 11.6 per cent, while non-knitted apparel (HS 62) grew to NZ\$91.51 million (~\$53.99 million) from NZ\$77.14 million, marking a stronger rise of 18.6 per cent. Fabric imports (HS 60) also recorded notable growth, climbing to NZ\$3.94 million (~\$2.32 million) from NZ\$2.93 million, up 34.3 per cent, suggesting firm demand for textile inputs.

On the export front, performance remained comparatively modest. Total apparel exports (HS 61 and 62 combined) edged up to NZ\$180.77 million (~\$106.65 million) from NZ\$176.22 million, reflecting a growth of 2.6 per cent year on year. Knitted apparel (HS 61) exports increased to NZ\$81.76 million (~\$48.24 million) from NZ\$74.77 million, while non-knitted apparel (HS 62) exports declined slightly to NZ\$99.01 million (~\$58.42 million) from NZ\$101.45 million. Fabric exports (HS 60) emerged as a bright spot, rising sharply to NZ\$88.76 million (~\$52.37 million) from

NZ\$66.63 million, registering a growth of 33.2 per cent, indicating strength in specialised textile segments.

March 2026 showed a positive trend, led by fabric shipments. Fabric exports (HS 60) rose to NZ\$1.34 million (~\$0.79 million) from NZ\$1.06 million, registering a growth of 26.4 per cent. Knitted apparel (HS 61) exports increased to NZ\$7.97 million (~\$4.70 million) from NZ\$6.80 million, up 17.1 per cent, while non-knitted apparel (HS 62) exports edged up marginally to NZ\$8.97 million (~\$5.29 million) from NZ\$8.85 million, reflecting a modest increase of 1.5 per cent. The data indicates improved export momentum, particularly in fabrics and knitted segments.

Overall, the financial year highlights a consistent pattern in New Zealand's trade structure. Apparel imports continue to dominate, albeit with marginal declines, while fabric trade on both import and export sides is gaining momentum, reflecting stable input demand and a gradual realignment in sourcing strategies.

Source: fibre2fashion.com– Apr 26, 2026

[HOME](#)

Bangladesh accelerates circular transition to shield apparel exports post-LDC graduation

As Bangladesh prepares for its landmark graduation from Least Developed Country (LDC) status in 2026, the Ministry of Commerce is accelerating the finalization of the National Strategy on Circular Economy. This framework is designed to transition the ready-made garment (RMG) sector from a linear ‘take-make-dispose’ model to a closed-loop system.

The urgency is underscored by the European Union’s impending Ecodesign for Sustainable Products Regulation (ESPR), which will mandate high recycled content for apparel entering the bloc. By formalizing a circular roadmap, Bangladesh aims to secure its US\$ 45 billion annual export value against rising duty-free phase-outs and more stringent environmental due diligence from global buyers.

Upcycling pre-consumer waste into high-value fiber

The domestic industry currently generates approximately 577,000 tons of textile waste annually, with nearly 50 per cent consisting of pure cotton scraps. Transitioning to circularity is no longer a choice but a commercial necessity to safeguard our margins, noted a senior representative from the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) during a national consultation in April 2026.

Pilot data from the SWITCH2CE project reveals, advanced segregation at the factory level can reduce fabric wastage to under 3 per cent, down from the historical 8 per cent.

Local mills are now investing heavily in mechanical recycling technologies to process these ‘jhut’ scraps into recycled yarn, offering a cost-effective alternative to increasingly expensive virgin cotton imports.

Infrastructure gaps and investment opportunities

Despite the momentum, the sector faces significant bottlenecks in blended fiber recycling and a lack of large-scale infrastructure for post-consumer waste. However, the 2026 strategy provides a vital policy signal to international investors. Recent trade data indicates, while average unit prices for Bangladeshi apparel in the EU contracted by 3.84 per cent in 2025, volume growth remains resilient.

To bridge the value gap, the government is incentivizing the adoption of AI-driven production scheduling and Zero Liquid Discharge (ZLD) systems. These investments are projected to position Bangladesh as a global leader in sustainable textile manufacturing, turning environmental compliance into a primary competitive advantage.

BGMEA: Driving innovation in global apparel

The BGMEA represents the \$45 billion Bangladesh RMG sector, specializing in high-volume knitwear and woven garments for the US and EU markets. With a target of \$100 billion in exports by 2030, the association is scaling automated production and man-made fiber diversification to ensure long-term financial resilience.

Source: fashionatingworld.com – Apr 25, 2026

[HOME](#)

Bangladesh home textile exports fall 47% in Q1

Bangladesh's home textile exports witnessed a sharp contraction in the first quarter of 2026, reflecting weakening demand across key global markets, particularly the United States (US). Exports fell by 47.8 per cent year on year to \$170.52 million in January–March 2026, compared with \$326.43 million in the same period last year.

The decline was largely driven by reduced shipments to major destinations, signalling softer global demand and cautious sourcing by buyers.

The US, Bangladesh's largest market, saw imports drop to \$34.05 million from \$61.80 million in January-March 2026, marking a decline of around 44 per cent. Despite the fall, the US retained its leading position with a 19.97 per cent share in total exports.

Other key markets included France at \$15.87 million (9.31 per cent), Canada at \$13.96 million (8.19 per cent), India at \$13.60 million (7.98 per cent), and the UK at \$12.64 million (7.41 per cent), according to sourcing intelligence tool TexPro.

In comparison, the first quarter of 2025 reflected a stronger and more diversified export base. Alongside the US, Germany (\$37.81 million) and India (\$35.49 million) were among the top five destinations, indicating a broader European and regional demand base that has since weakened in early 2026.

Despite the weak start to 2026, Bangladesh's annual performance in recent years has remained relatively stable. Home textile exports rose to \$1.25 billion in 2025 from \$1.16 billion in 2024, surpassing the \$1.20 billion recorded in 2023.

The US has consistently remained the largest market, though its share has gradually declined from 17.68 per cent in 2023 to 15.34 per cent in 2025, indicating diversification efforts, according to TexPro.

India, France, Germany, and the UK continue to be significant markets, though their rankings have shifted over time, reflecting changing trade dynamics and demand patterns. Notably, Germany, a key European

market in 2025, did not feature among the top destinations in the first quarter of 2026, underscoring the scale of the recent slowdown.

Overall, the latest data points to a challenging start to 2026 for Bangladesh's home textile sector, with sharp declines across major markets highlighting demand-side pressures. The contraction suggests ongoing inventory correction and cautious procurement across key importing countries, particularly in the US and Europe.

Source: fibre2fashion.com– Apr 27, 2026

[HOME](#)

NATIONAL NEWS

Shri Piyush Goyal Urges Industry to Leverage Education, Talent Mobility and Cross-Sector Opportunities Under India–New Zealand FTA

On the eve of the signing of the India-New Zealand Free Trade Agreement (FTA), Union Minister for Commerce and Industry, Shri Piyush Goyal, and Mr. Todd McClay, Minister for Trade and Investment, New Zealand, participated in an Industry Engagement Programme at Agra. MoS of Fisheries, Animal Husbandry and Dairying Shri S P Baghel, also participated in the interaction.

The interaction brought together leading industry representatives from the leather and footwear, AYUSH, medical devices, light engineering, sports goods sectors and Laghu Udyog Bharati, Uttar Pradesh. The industry presented their views reflecting the depth and diversity of India's leather manufacturing prowess, Pharma industry, medical devices industry, engineering products.

In keeping with Prime Minister Shri Narendra Modi's vision of building trade partnerships that are inclusive, forward-looking, and firmly rooted in India's national priorities, both Ministers underscored that the India-New Zealand FTA is far more than a tariff agreement.

It is a comprehensive framework encompassing market access, agricultural productivity, investment, talent mobility, collaboration in sports, tourism, and people-to-people ties, designed to benefit manufacturers, farmers, MSMEs, women entrepreneurs, students, and skilled professionals across both nations.

Agra, which accounts for approximately 75 per cent of India's leather footwear production, holds a Geographical Indication (GI) tag for its leather footwear and is a flagship product under the One District One Product scheme.

With the FTA eliminating duties on 100 per cent of Indian exports from Entry into Force, and bringing tariffs on leather and footwear from 5 per cent to zero, Indian exporters are set to gain a decisive competitive advantage. Industry representatives highlighted the sector's potential to grow to USD 50 billion by 2030, driven by a strategic shift from mass

production to high value-added manufacturing. New Zealand's rich raw leather resources, combined with India's manufacturing capabilities, offer a strong complementarity that both sides expressed keenness to harness.

On the occasion, Both Ministers along with Industry representatives spoke of positioning Agra as a global sourcing destination, an employment engine, and an export powerhouse on the world stage.

The interaction also covered the pharmaceutical and medical devices sectors. Industry representatives welcomed the FTA's provisions for faster regulatory access, including acceptance of GMP and GCP inspection reports from comparable international regulators, which will reduce compliance burdens and expedite product approvals for Indian manufacturers. They welcomed the inclusion of a dedicated chapter on Health and Traditional Medicine in the FTA, a first for both the countries recognising AYUSH.

Shri Piyush Goyal also touched upon the significant opportunities the Agreement creates in education and talent mobility. The Minister urged industry and stakeholders to actively leverage these provisions, encouraging Indian students and professionals to explore the new pathways the FTA opens, and called upon all to view this Agreement as a gateway to a deeper, people-centred partnership between the two nations.

[Click here for more details](#)

Source: pib.gov.in– Apr 26, 2026

[HOME](#)

Adverse impact of Iran war may hit India largely in Q1 FY27: ICRA

The year-on-year (YoY) growth in India's economic activity, as measured by the ICRA business activity monitor, an index of high-frequency indicators, eased to a five-month low of 7.6 per cent in March this year from 10 per cent in February 2026.

Ten of the 16 constituent indicators deteriorated between these months. These include some trade and transport-related indicators, reflecting the adverse impact of the Middle East conflict, ICRA noted.

The momentum in economic activity remained quite healthy in the fourth quarter (Q4) of fiscal 2025-26 (FY26), with a majority of non-agricultural indicators seeing an improvement in their YoY performance over Q3.

The credit rating agency pegs the country's gross domestic product (GDP) growth at 7 per cent in Q4 FY26, lower than the National Statistical Office (NSO's) implicit growth projection of 7.3 per cent for the quarter.

A large part of the adverse impact of the Middle East crisis is likely to manifest in Q1 FY27. The country's core sector output contracted by 0.4 per cent YoY in March 2026, the first time in five months, amid a dip in production across four of the eight sectors, ICRA said in a press release.

It expects the index of industrial production (IIP) growth to have slowed to 1-2 per cent in March 2026 from 5.2 per cent in February 2026. Financial conditions somewhat improved in early April this year compared to March.

Source: fibre2fashion.com– Apr 27, 2026

[HOME](#)

Piyush Goyal to meet exporters on Monday as India signs FTA with New Zealand

Commerce and Industry Minister Piyush Goyal will hold a meeting with representatives of export promotion councils and industry associations on Monday to discuss ways to boost the outbound shipments, an official said.

The meeting will be held after India and New Zealand sign the free trade pact here at Bharat Mandapam. Todd McClay, New Zealand's Minister for Trade and Investment, is here with a business delegation.

Meanwhile, both ministers held discussions with exporters in Agra on Sunday. Representatives of industries such as leather, footwear, pharma, sports goods and light engineering were present in the meeting.

The Monday meeting is also important as Indian exporters are reeling under the impact of the West Asia crisis, triggered by the US-Israel conflict with Iran. Shipping companies are reluctant to carry goods to Middle Eastern countries, a key export destination for Indian businesses.

Merchandise exports posted the steepest fall in five months, declining 7.44 per cent in March to \$38.92 billion due to trade uncertainty and geopolitical tensions, with shipments to West Asia contracting by more than 50 per cent.

The trade deficit, however, narrowed to a nine-month low of \$20.67 billion in March on account of lower imports.

Imports dipped 6.51 per cent to \$59.59 billion in March, driven by a significant decline in inbound shipments of crude oil and gold, the data showed. India's exports to the Middle East fell 57.95 per cent in March, while imports from the Gulf nations contracted 51.64 per cent.

For the full 2025-26 fiscal year, exports grew 0.93 per cent to an all-time high of \$441.78 billion, while imports rose 7.45 per cent to \$775 billion. The trade deficit ballooned to \$333.2 billion due to a jump in gold and silver imports during the last fiscal year.

The country's goods and services exports increased by an estimated 4.22 per cent to an all-time high of \$860.09 billion in 2025-26 against \$825.26 billion in 2024-25.

The government has rolled out a host of measures to cushion exporters from the impact of the conflict in the Gulf region, a key market for India's exports such as gems and jewellery, rice and pharma, which were valued at about \$57 billion in 2024-25.

Source: thehindubusinessline.com– Apr 26, 2026

[HOME](#)

Exporters upbeat as India, New Zealand set to sign FTA on Monday

The India-New Zealand Free Trade Agreement (FTA), set for official signing this Monday, has sparked enthusiasm among Indian exporters, especially those in labour-intensive sectors such as engineering goods, gems and jewellery, textiles and leather, who seek to benefit most from tariff elimination immediately upon implementation.

While the market's limited size and fulfilment of rules of origin remain points of concern, the outlook is largely positive amongst exporters as elimination of import duties would provide a competitive advantage to several sectors such as textiles, auto, carpets and footwear, that were previously saddled with peak tariffs of 10 per cent, sources said.

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The meeting will be held after India and New Zealand sign the free trade pact here at Bharat Mandapam. Todd McClay, New Zealand's Minister for Trade and Investment.

"Indian exporters, having zero duty on all products of exports, see the India-New Zealand FTA as a positive and timely step. It can open opportunities in a high-value market. Exporters will look for smooth implementation and clear rules of origin," said Ajay Sahai, Director General, FIEO.

The target is to double bilateral trade in goods and services to about \$5 billion from an estimated \$2.4 billion in five years. Bilateral trade in goods was at \$1.3 billion, which was 49 per cent higher than the previous fiscal. India's goods exports to the country were valued at \$711 million, while services exports in 2024 were at \$ 634 million, per government figures.

Despite limited prospects in New Zealand because of its small population (of about 5.29 million), the FTA is a positive development for the Indian textile industry, said Sanjay Jain, MD, TT Ltd.

“The textile sector is positive on all FTAs, as we are net exporters. Gains will be limited in New Zealand because consumption is low. But every incremental thing is a benefit for us,” Jain said.

Engineering goods exporters, who already send shipments worth an annual \$150 million to New Zealand, are bullish about the FTA. “We hope to consolidate on these numbers. Our expectations are of a 100 per cent increase in 3-4 years,” said Pankaj Chadha, Chairman, EEPC India.

The pact provides a clear duty advantage to the gems & jewellery sector over key competitors such as China and Thailand, pointed out Kirit Bhansali, chairman, GJEPC.

“India’s gems and jewellery exports to New Zealand currently stand at around \$16.61 million, and with zero-duty access under the agreement, we expect this to grow to nearly \$50 million over the next three years,” Bhansali said.

Meanwhile, New Zealand is eager to expand its reach in India for products like sheep meat, wool, apples and kiwis. Sources indicate Wellington is aiming for swift parliamentary passage to capitalise on a Most Favoured Nation (MFN) clause. This clause ensures that if India later grants greater market access in wines or services to other partners, such as the EU, those benefits may be extended to New Zealand, the source explained.

Source: thehindubusinessline.com – Apr 26, 2026

[HOME](#)

Textiles and garment exports fall 2.2% in 2025-26: Global Trade Research Initiative

The country's textiles and garment exports fell 2.2% to \$35.8 billion in 2025-26 due to contraction in shipments of key segments such as cotton, think tank Global Trade Research Initiative (GTRI) said on Saturday (April 25, 2026).

In rupee terms too, the exports fell 2.1% during the last fiscal.

GTRI said the declining pattern is visible across major segments — cotton textiles — (-3.9%), ready-made garments (- 1.4%), and carpets (- 5.3%). Only handicrafts grew slightly by 1.5% during the fiscal.

The contrast between INR and USD growth highlights a deeper structural concern, the GTRI said.

Its founder Ajay Srivastava said India is exporting more in value terms domestically, but earning fewer dollars globally.

For instance, man-made textiles show a 3.6% rise in INR but a 0.8% decline in dollar terms, and garments show a 2.9% INR increase despite a 1.4% dollar contraction, he said.

This suggests that currency depreciation and not competitiveness is behind the apparent growth, he said adding in real terms, India is losing market share or failing to expand in key global markets, particularly in labour-intensive sectors where it should be gaining ground.

He added this "raises a critical policy question: why are ongoing reforms not translating into export growth? Despite initiatives on production-linked incentives, logistics improvements, and trade facilitation, the data shows stagnation or decline in core segments. The government must urgently investigate bottlenecks".

Source: thehindu.com – Apr 25, 2026

[HOME](#)

'India diversifying strategy to boost exports to China, reduce imports'

India is following a diversified strategy to boost exports to China by strengthening domestic capacities while reducing import dependence through diversification of its supplier base, as complete decoupling from Beijing is difficult since Chinese inputs support the country's industrial growth, a senior official said.

"While India may not have hard decoupling from China, it is creating its own capacity both in terms of having resilient supply chain and also in terms of increasing our own exports capacity," the official said.

The senior government official added that India primarily imports raw materials, intermediate and capital goods, such as auto components, electronic parts and assemblies, mobile phone components, machinery and related parts, and active pharmaceutical ingredients, which are used to produce finished goods for export and support domestic manufacturing.

"Whatever China is supplying is the backbone of India's production. Some consumer durables are also coming but are less in numbers," the official said.

India's exports to China rose about 37 per cent to \$ 19.47 billion in 2025-26 from \$ 14.25 billion in 2024-25. The exports stood at \$ 0.71 billion in 1997-98.

On the other hand, imports from Beijing increased 16 per cent to \$ 131.63 billion in 2025-26 from \$ 113.44 billion in 2024-25. The trade deficit has risen from \$ 99.2 billion in 2024-25 to \$ 112.6 billion in 2025-26. Imports were just \$ 1.11 billion in 1997-98.

The main export sectors where India has recorded health growth in exports during the last fiscal year include printed circuit boards, electrical appliances, telephone systems, shrimp, aluminium ingots, black tiger shrimp, vessels, and certain agri commodities.

However, there is a need to further widen the export basket to increase India's share in China's imports.

The import surge is in electronics, electrical machinery, pharmaceuticals ingredients, APIs, auto parts, telecom instruments, industrial machinery, computer hardware peripherals, organic chemicals, accumulator and batteries, plastic raw materials, residual chemicals, and bulk drugs.

"These all goods are ultimately going into our industrial process, as we are industrialising, imports will increase naturally," the official added.

The government is taking a series of measures to boost domestic manufacturing and the production-linked incentive scheme is a key step in that direction. The boost in manufacturing going ahead will help cut imports and increase exports.

The scheme is helping domestic businesses to create value chains and for that the industry needs capital goods and intermediate parts.

Further, to reduce import dependence on China, the government is in the process of identifying goods that are China-intensive and cost-competitive, and is examining whether Indian companies can source them from countries such as Taiwan, South Korea, Japan, and the European Union.

An Inter-Ministerial Committee (IMC) is there to monitor exports and imports regularly and it takes corrective measures in consultation with various stakeholders.

The composition of the IMC includes representatives from Department of Commerce, Department of Revenue, Department for Promotion of Industry and Internal Trade, Directorate General of Foreign Trade and Directorate General of Commercial Intelligence and Statistics.

Source: business-standard.com– Apr 26, 2026

[HOME](#)

Separation between economics & strategy that was taken for granted has collapsed in 21st Century

A tariff schedule is a form of foreign policy. A power purchase agreement is an act of statecraft. A chip fabrication plant is a geopolitical asset. The separation between economics and strategy that was taken for granted has collapsed in the 21st century, said Pradeep S Mehta, Secretary General of CUTS International, as he launched the second webinar of the organisation's geoeconomic initiative.

CUTS International recently convened the second webinar of its Geoeconomic Monograph Series, "Global Strategies in the Age of Geoeconomics" (G-SAGE), bringing together leading scholars and policy experts from South Africa, the United Kingdom, India, and Taiwan for a high-level virtual exchange on the defining geoeconomic challenges of 2026.

The event was moderated by Jackline Kagume, lawyer and the programme lead for the Law and Economy Programme at the Institute of Economic Affairs (IEA), Kenya.

In his opening remarks, Mehta framed the urgency of the moment by observing that the multilateral trading system, built over eight decades, is visibly fraying: the WTO Appellate Body remains paralysed, the Most Favoured Nation principle is openly questioned by both the United States and the European Union, and unilateral and weaponised tariff measures have replaced the collegial rule-making of an earlier era.

"The four papers presented at the webinar were precisely that: strategic thinking from regions and economies that have everything to gain from getting geoeconomics right," Mehta asserted.

Garth le Pere, Professor of International Relations at the University of Pretoria, South Africa, presented his chapter on the African Continental Free Trade Area (AfCFTA), framing it as a collective act of economic statecraft.

"The AfCFTA is Africa's riposte to decades of collective clientelism, the asymmetric dependencies embedded in Economic Partnership Agreements with the EU, and market-access conditionalities under the US's AGOA. With 54 signatory states, a combined GDP of \$1.3 trillion, and

a population of 1.4 billion set to exceed the combined populations of India and China within four decades, the AfCFTA holds the promise of shifting the continent from commodity dependence towards genuine industrialisation and strategic autonomy,” he argued, noting that intra-African exports could rise from 17 per cent today to a projected 52 per cent by 2040.

Hana Al Wakeel, Research Assistant, Firoz Lalji Institute for Africa, London School of Economics and Political Science of the LSE Firoz Lalji Institute for Africa challenged conventional trade orthodoxy by proposing a sequencing logic for Africa’s global engagement.

“Regional integration must come first, strategic openness second, and full reciprocity last. Prematurely entering into fully reciprocal agreements with major trading partners before the AfCFTA is consolidated would produce trade diversion and regulatory fragmentation, undermining the very gains the continent is trying to secure,” they argued, backed by the UN Economic Commission for Africa modelling.

Their call for time-bound protection of strategic sectors, agro-processing, pharmaceuticals, and manufacturing alongside reforms to WTO disciplines on the substantial proportion of trade requirements, was characterised as a developmentally informed approach to globalisation, not a retreat from it.

Professor Kirit Parikh, Chairman of the Integrated Research and Action for Development (IRADe), India, examined how cross-border electricity trade has evolved from a technical question of grid connectivity into a full-fledged instrument of economic statecraft.

“The BBIN framework, Bangladesh, Bhutan, India, and Nepal, presents a structural geoeconomic asset. Nepal’s 83,000 MW and Bhutan’s 41,000 MW of hydropower potential, India’s rapidly expanding renewable capacity, and Bangladesh’s structural power deficit are deeply complementary. Our modelling shows that with accelerated power trade, Nepal’s GDP could be 39 per cent larger by 2045. In November 2024, Nepal made history by exporting electricity to Bangladesh through the Indian grid, the first-ever trilateral power trade in South Asia,” he said, further arguing that 24x7 reliable and affordable power is not merely an infrastructure question but a precondition for digital inclusion, the demographic dividend, and competitiveness in an AI-dominated world.

Dr Kristy Tsun-Tzu Hsu, Director of the Taiwan ASEAN Studies Centre at the Chung-Hua Institution for Economic Research, offered a rigorous stress test of Taiwan’s semiconductor resilience.

“Taiwanese firms account for 76.3 per cent of the global foundry market, and nearly a fifth of all global maritime trade passes through the Taiwan Strait. The concept of the ‘silicon shield’ captures the dual nature of this position: it is simultaneously an economic asset and a geopolitical vulnerability. Four structural challenges: energy dependence, water stress, cybersecurity threats, and a talent shortage demand urgent attention if this critical node in the global supply chain is to remain resilient,” she argued. Taiwan’s plans to mass-produce 2-nanometre chips, the most advanced in the world, were announced for late 2025.

The G-SAGE series will continue through successive quarterly webinars featuring new regional analyses and thematic deep dives, culminating in the publication of a comprehensive compendium of more than 25 monographs and an international conference in India.

The initiative brings together senior experts and emerging scholars in a mentorship model, analysing countries and regional groupings through six thematic lenses: supply chains and industrial policy; critical and emerging technologies; infrastructure and connectivity corridors; climate transition and energy security; trade and financial governance reforms; and strategic investments and resource security.

“Developing countries and emerging economies cannot afford to be passive observers of these transformations. They must be strategic actors with the analytical tools, policy frameworks, and institutional capacity to navigate geoeconomics on their own terms,” Kagume concluded, affirming the G-SAGE series’ ambition to bridge rigorous scholarship with urgent policy relevance.

Source: economictimes.com – Apr 25, 2026

[HOME](#)

Bharat Tex 2026: Apparel leaders urged to promote India as key textile sourcing hub

Buying houses of global apparel brands should play a proactive role in promoting India as a preferred sourcing destination and support the Indian textile and apparel industry's growth and global positioning, said A. Sakthivel, chairman of the Apparel Export Promotion Council (AEPC), recently.

Speaking at the Bharat Tex 2026 round-table discussion held in Bengaluru, he emphasised the need to bridge the technology and quality gaps within the industry. He suggested that strategic measures such as importing specialised fabrics may be necessary in the short term apart from focused efforts to strengthen the domestic supply chain.

Mr. Sakthivel also highlighted the importance of integrating global expertise into the Indian textile ecosystem and proposed active engagement with Taiwanese industry for introducing advanced technologies in synthetic yarn manufacturing. India has entered into Free Trade Agreements (FTAs) with several advanced economies that are creating immense possibilities for the country to emerge as a key apparel sourcing hub. Hence, the upcoming decade is set to be a defining period for the Indian apparel industry, he said.

A comprehensive presentation on Bharat Tex 2026 was delivered by the Bharat Tex Federation outlining the scale, opportunities, and key arrangements for the upcoming mega event scheduled to be held in New Delhi from July 14–17, 2026. The round table saw participation from around 40 leading global brands and buying houses, including Walmart, PVH, Ralph Lauren, Marks & Spencer (M&S), C&A, and Columbia Sportswear.

The buying house representatives shared their insights on critical industry aspects such as the need for strengthening the value supply chain, sustainability, circularity, traceability, and compliance requirements. The discussions also focused on identifying existing gaps and exploring collaborative approaches to address them.

Source: thehindu.com– Apr 26, 2026

[HOME](#)

The FTA cautionary tale: What India-Korea trade warns us about new global deals

In their bilateral trade pact, South Korea has gained significantly more than India. As it enters more such pacts, India would do well to review where it fell short with South Korea and why.

Earlier this week, commerce minister Piyush Goyal said that India and South Korea were working towards doubling bilateral trade while reviewing a 16-year-old trade agreement between them.

Signed in 2010, the Comprehensive Economic Partnership Agreement (CEPA) has seen bilateral trade more than double, but with a greater share of gains accruing to South Korea.

Speaking to the media at an India-Korea business forum, Goyal said this agreement “has not worked for India” and that a review was being undertaken to bring about “more balanced trade between the two countries”. That is also a larger question for India as it enters into more free trade agreements (FTAs), the latest being with the European Union this January.

Widening imbalance

Total trade between India and South Korea increased from \$12 billion in 2009 to \$27.4 billion in 2024. South Korea has mainly reaped these gains. What India buys from South Korea (imports) has increased at an average of 5.8%, while the sale of Indian goods to South Korea (exports) has grown at a compounded annual rate of 2.6%. As a result, India’s trade deficit with South Korea—exports minus imports—has more than tripled.

Between 2010 and 2020, India’s annual exports to South Korea remained rangebound between \$4 billion and \$5 billion. Meanwhile, imports from South Korea saw two surges, one immediately after the signing of the CEPA and the other in 2017.

Post-2020, as world economies reopened after the covid pandemic lockdowns, both countries saw an increase in bilateral trade, before Indian exports tapered again. The long-term trend suggests a structural gap where India's demand for Korean industrial goods far outpaces South Korea's intake of Indian commodities.

Room for growth

A tripling of the trade deficit in a decade and a half is not an outcome to the liking of any producer economy, especially one as large as India. This also becomes critical, given that India is signing more FTAs, which essentially set more liberal trade terms between the signatory countries or blocs. In the past year, India has signed such agreements with the European Union, the UK, and Oman. It is also negotiating agreements with the US, Canada, and six West Asian countries under the banner of the Gulf Cooperation Council (GCC).

In 2006, India had only about 4.6% of its trade with its then-FTA partners. It has progressively added FTA partners, and that figure increased to about 29% in 2024. However, with over 70% of India's trade still outside FTA frameworks, the benefits of such agreements remain underexploited. For example, a recent publication by Niti Aayog shows that India's exports to FTA partner countries fell 7% in the December quarter over the September quarter, while imports rose 7%.

Export limits

For a producer country like India, exports make new markets available to Indian goods. Between 2010 and 2023, India's exports to South Korea grew at an anaemic pace, even as there were changes in the export basket that suggest a structural shift toward industrial value-addition.

On the one hand, the share of some traditional sectors fell, notably fuels (down 10 percentage points) and textiles (down 5.7 percentage points). On the other hand, the share of capital goods climbed from 4.4% to 14.6%, driven by strong growth in machinery and electronics, and chemicals.

Metals further consolidated their position as the largest export category, accounting for almost 27% of the basket, keeping exports partly commodity dependent. At the same time, labour-intensive sectors such as textiles and food products lost share, indicating weakening competitiveness or demand constraints.

Overall, India has diversified and moderately upgraded its export mix, increasingly supplying intermediate and capital goods. Yet, its presence in high-complexity sectors within South Korea's manufacturing ecosystem remains limited.

Import dependency

On the other side of the trade equation, India's imports from South Korea between 2010 and 2023 suggest a deepening, production-oriented dependency. The import basket, which was \$21.5 billion in 2024, is dominated by machinery and electronics (35.3%) and metals (21.8%), underscoring South Korea's role as a key supplier of high-value industrial inputs. A major structural shift is the rise in intermediate goods, whose share increased by over 6 percentage points to 44%, indicating stronger integration into manufacturing supply chains and reliance on Korean components for domestic production. Capital goods imports remained consistently high at around 42%, reflecting continued dependence on Korean technology and equipment. Meanwhile, the declining share of transportation and consumer goods suggests a move toward domestic assembly rather than finished imports. Overall, the trend points to a supply-chain partnership where India imports critical inputs to support its industrial growth. However, this also reinforces an asymmetric relationship, with India positioned as a downstream manufacturer reliant on Korean upstream capabilities.

Services advantage

In services, the India-South Korea relationship presents a more balanced dynamic, with India maintaining a consistent surplus. Between 2009 and 2024, India's services exports to South Korea grew about three times. Imports kept pace till 2018 but have since grown at a slower pace and diverged. Thus, India's surplus has widened steadily, especially after 2020. The key driver is computer services, where India has a clear advantage. Exports in this segment surged from \$275 million in 2007 to \$1.73 billion in 2024, increasing its share of total services exports from 17% to 30%. But there are other areas where India has not been able to press an advantage. For example, under the CEPA, South Korea waived the requirement of English being the mother tongue to be eligible as an assistant English teacher in primary and secondary schools, but not many Indians have been employed for this. As India renegotiates, with South Korea and beyond, these are areas where it can negotiate better terms—and follow up better.

Source: livemint.com– Apr 27, 2026

[HOME](#)
