LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

29th

July

2026

News Highlights

NATIONAL

India's Exports Scale Record US$ 863.1 Billion in FY 2025–26, Driven by Strong Trade with UAE, UK and Australia

India-New Zealand FTA Opens US$ 2 Billion Textile Opportunity For Indian Exporters

India-Mali Textile Partnership Gains Momentum As Trade Surges 55%

India-Maldives FTA Talks Open New Textile Export Window In Indian Ocean Market

India economic growth to slow sharply as weak investment, oil shock weigh: Reuters poll

GLOBAL

Persistently high inflation to nag global economy, say economists: Reuters poll

Global Textile Machinery Shipments shrunk in 2025, except for spinning

NATIONAL

India's Exports Scale Record US$ 863.1 Billion in FY 2025–26, Driven by Strong Trade with UAE, UK and Australia

India recorded highest-ever exports in FY 2025-26 reaching a record US$ 863.1 billion, with merchandise exports reaching US$ 441.8 billion and services exports expanding further to US$ 421.3 billion, reflecting the combined strength of India's merchandise and services sectors in driving export growth. Destination-wise data is available for merchandise exports and FTA wise India's merchandise exports during FY 2025-26 is given below in Table 1.

Table 1: India's Merchandise Exports to FTA partners in FY 2025-26 (US$ Mn)

The Government monitors utilisation of preferential tariff benefits under newly operationalised trade agreements (signed post 2021) through Certificates of Origin and partner-country trade data.

- **India-UAE Comprehensive Economic Partnership Agreement (CEPA)**: Since its entry into force on 1st May 2022, 4.45 lakh Certificates of Origin have been issued, reflecting robust utilisation of tariff concessions by Indian exporters. Further, the number of tariff lines at the HS 8-digit level exported to the UAE increased from 7,546 in FY 2021-22 (pre-CEPA) to 8,053 in FY 2025-26, with exports across these tariff lines valued at US$ 37.3 billion. This represents an increase of 507 tariff lines (6.7%), indicating greater export diversification and deeper market penetration in the UAE market following the implementation of CEPA.
- **India-Australia Economic Cooperation and Trade Agreement (ECTA):** Since its entry into force in December 2022, 2.73 lakh Certificates of

Origin have been issued. Prior to ECTA, only 1,482 Certificate of Origin were issued in FY 2020-21. Following implementation of the Agreement, Certificate of Origin issuance increased significantly, with an average of approximately 45,527 Certificate of Origin issued annually. In FY 2021-22, 5396 tariff lines at HS 8 level and after FTA in FY 2025-26, 5668 tariff lines at HS 8 level valuing US$ 7.2 Bn. This represents an increase of 272 tariff lines, indicating greater export diversification and expanded market access following the implementation of ECTA.

- **India-Mauritius Comprehensive Economic Cooperation and Partnership Agreement (CECPA):** The CECPA entered into force on 1 April 2021. The Agreement provides preferential market access for 310 Indian product lines in Mauritius and covers goods, services, Rules of Origin, customs procedures and economic cooperation. Indian exporters have availed preferential tariff benefits through the issuance of 1,956 Certificates of Origin under the Agreement. Further, the number of tariff lines at the HS 8-digit level exported to Mauritius increased from 3,593 in FY 2021-22 (pre-CECPA) to 4,345 in FY 2025-26, with exports across these tariff lines valued at approximately US$ 473 million. This represents an increase of 752 tariff lines (20.9%), indicating greater export diversification and expanded market access following the implementation of CECPA.
- **India–Oman Comprehensive Economic Partnership Agreement (CEPA)**: CEPA grants duty-free access to 99.38% of India's exports to Oman by value, covering 98.08% of Oman's tariff lines, making it one of India's most comprehensive market access outcomes in the Gulf region. Since its entry into force on 1 June 2026, 783 Certificates of Origin have been issued. Further, the number of tariff lines at the HS 8-digit level exported to Oman increased from 2,879 in May 2026 to 3,371 in June 2026. Exports across these tariff lines stood at US$ 622.8 million in June 2026, compared to US$ 402.7 million in May 2026 (month-on-month growth of 54.7%) and US$ 215.1 million in June 2025

(year-on-year growth of 189.6%), indicating enhanced market access and export diversification following the implementation of the Agreement.

- **India EFTA-TEPA:** Under TEPA, EFTA has offered 92.2% of tariff lines encompassing 99.6% of India's exports. Includes 100% of non-agricultural products and tariff concessions on Processed Agricultural Products (PAP). Since its entry into force in October 2025, 7885 Certificates of Origin have been issued reflecting impressive utilisation of tariff concessions by Indian exporters

The labour-intensive sectors have remained a key priority in India's recent FTA negotiations. Agreements concluded with the UAE, Australia, the United Kingdom, Oman, New Zealand and EFTA have secured improved market access while adopting a calibrated approach to safeguard sensitive domestic sectors. Collectively, these agreements provide preferential access to a substantial share of partner-country tariff lines, for instance, 99% of Indian exports to the UK, 97% of EU tariff lines covering about 99.5% of bilateral trade value, 100% duty-free access for Indian exports to New Zealand, 98% of Oman's tariff lines, and 99.6% of tariff lines under the India–EFTA TEPA. These agreements provide significant export opportunities for labour-intensive sectors such as textiles & apparel, leather & footwear, gems & jewellery, marine products, carpets, handicrafts and agricultural products, while preserving adequate policy space for sensitive domestic sectors through calibrated tariff liberalisation and transition arrangements. This balanced approach seeks to promote employment-intensive exports, strengthen domestic manufacturing competitiveness and deepen India's integration into global value chains.

The Government has established a comprehensive framework to monitor export performance across sectors, including labor-intensive segments, through a whole-of-Government approach involving all stakeholders - the Department of Commerce, Directorate General of Foreign Trade (DGFT), Export Promotion Councils (EPCs), Commodity Boards, line Ministries, State Governments including districts and Indian Missions abroad.

The Department of Commerce has also significantly strengthened trade facilitation and trade intelligence platforms such as Trade e-Connect and the Trade Intelligence and Analytics (TIA) Portal. Trade e-Connect serves as a comprehensive exporter facilitation platform, integrating market intelligence, tariff information, non-tariff barriers, Rules of Origin guidance, buyer-seller information, trade events, country and product guides, and FTA-related advisory services to help exporters identify opportunities and effectively utilise preferential market access under India's FTAs. The platform also facilitates engagement between exporters, Indian Missions abroad and relevant government agencies, thereby reducing information asymmetries and improving access to international markets. The TIA Portal complements these efforts by providing extensive trade analytics, commodity-level data, partner-country information and interactive dashboards to support data-driven policymaking and real-time monitoring of export performance.

This information was given by Minister of State for Ministry of Commerce and Industry, Shri Jitin Prasada in a written reply in Lok Sabha today.

Home

India-New Zealand FTA Opens US$ 2 Billion Textile Opportunity For Indian Exporters

India’s textile and apparel exporters are set to gain a new market opportunity as the India-New Zealand Free Trade Agreement (FTA) moves towards implementation, opening doors for higher exports, investment and supply chain partnerships.

Prime Minister Narendra Modi said the landmark agreement will add “depth and dynamism” to bilateral economic ties by improving market access, boosting investment, expanding services and enabling greater talent mobility.

For the textile industry, New Zealand represents a small but attractive opportunity. With a population of around 5 million, the country is highly dependent on imports for its clothing and textile requirements. Its textile and apparel import market is estimated at around US$ 2 billion annually, with apparel accounting for nearly 65% of imports.

New Zealand's apparel imports alone are valued at around US$ 1.2 billion, covering products such as knitwear, casual wear, jackets, sportswear, formal clothing and home textiles.

However, India currently has only a limited presence in this market. Indian textile and apparel exports to New Zealand are estimated at around US$ 100 million, highlighting significant room for expansion.

China leads, India has room to grow

China remains the largest supplier of textiles and clothing to New Zealand, dominating categories such as T-shirts, knitwear, sweaters, jackets and casual apparel. Bangladesh has also built a strong position, particularly in basic garments and knitwear.

In comparison, India's share remains relatively small despite its strengths in cotton textiles, garments and sustainable manufacturing.

The FTA could create fresh opportunities for Indian exporters in:

-Ready-made garments, particularly cotton apparel, knitwear and woven products

-Home textiles such as bed linen, towels and curtains

-Sustainable and recycled textile products

-Cotton-based value-added products

-Wool blends and premium textiles by leveraging New Zealand's strong wool ecosystem

Strategic partnership gets bigger push

Addressing business leaders in Auckland, PM Modi highlighted India's economic growth, skilled workforce, digital ecosystem and infrastructure expansion as major opportunities for New Zealand companies.

The two countries have upgraded relations to a Strategic Partnership and set a target of doubling bilateral trade to NZD 7 billion (around ₹35,000 crore) by 2030.

New Zealand has also committed to investing US$ 20 billion in India over the next 15 years, strengthening opportunities for collaboration across manufacturing, technology and infrastructure.

PM Modi invited New Zealand businesses to partner with India in areas including logistics, clean energy, digital economy and innovation.

For India's textile sector, the agreement comes at a crucial time as exporters seek new markets and diversified supply chains. With global buyers increasingly looking for reliable, sustainable and transparent sourcing partners, the India-New Zealand FTA could help Indian manufacturers expand their footprint in a market where China and Bangladesh currently dominate.

The opportunity is clear: New Zealand may be a small market, but its nearly US$ 2 billion textile import demand offers significant headroom for India's exporters.

Home

India-Mali Textile Partnership Gains Momentum As Trade Surges 55%

India and Mali are moving to deepen cooperation in cotton, textiles and manufacturing as both countries look to convert growing trade ties into long-term investment partnerships.

The inaugural India–Mali Forum for the Promotion of Exports, held in Bamako, has opened new opportunities for collaboration across cotton, textiles, mining, energy, pharmaceuticals and infrastructure.

Bilateral trade between India and Mali crossed US$326.61 million in FY 2025–26, registering a strong 55% growth over the previous year. The forum brought together senior government officials and around 30 Indian business leaders to explore commercial opportunities through B2B, B2G and government-level engagements.

Cotton value chain emerges as key opportunity

For the textile industry, Mali's biggest strength is its position as one of Africa's leading cotton producers. The country produces around 600,000–700,000 tonnes of cotton lint annually in strong crop years, making cotton a critical pillar of its economy and exports.

However, Mali's textile industry remains largely underdeveloped, with much of its cotton exported as raw material. The country is looking to expand domestic value addition through spinning, weaving, processing and garment manufacturing.

This creates opportunities for Indian companies with expertise across the textile value chain from cotton processing and spinning to textile machinery, fabrics, apparel manufacturing and sustainable production technologies.

Import-dependent textile market offers scope

Mali's textile and apparel market is estimated at around US$200–300 million annually, with significant dependence on imports for finished garments, fabrics, synthetic textiles and home textiles.

China remains the dominant supplier of textile and apparel products to Mali, particularly in low-cost garments and fabrics. Other suppliers include India, Pakistan, Turkey and UAE-based trading hubs.

India already has a presence in the market, exporting products such as cotton fabrics, pharmaceuticals, vehicles and bicycles. A stronger partnership could help Indian textile companies expand exports of fabrics, garments, home textiles and machinery while supporting Mali's move towards local manufacturing.

Building a textile manufacturing ecosystem

During the forum, both sides identified cotton and textiles as priority sectors for cooperation, along with mining, renewable energy, agro-industry and healthcare.

Business discussions focused on converting opportunities into commercial partnerships and Memorandums of Understanding, with participation from sectors including textiles, renewable energy, pharmaceuticals, automotive manufacturing and mining.

Mali has announced an Investment Forum on 3–4 December 2026, where additional investment opportunities will be presented to global investors.

For India's textile sector, the growing partnership offers a strategic opportunity: helping Mali move from a raw cotton exporter to a value-added textile producer while opening a new market for Indian technology, machinery, fabrics and manufacturing expertise.

Home

India-Maldives FTA Talks Open New Textile Export Window In Indian Ocean Market

India and the Maldives have formally begun negotiations for a Free Trade Agreement (FTA) aimed at expanding trade, investment and economic cooperation between the two countries.

For India's textile and apparel industry, the proposed agreement could strengthen access to a nearby and import-dependent market, creating new opportunities in garments, home textiles, hospitality textiles and value-added textile products.

The Maldives may be a small market, but its textile and clothing import demand is significant for its size. The country imports around US$ 90 million worth of textiles and clothing annually, with demand driven largely by tourism, hospitality and domestic consumption.

India is already a leading supplier to the Maldives, exporting around US$ 21 million worth of textile and apparel products to the country, ahead of China, Thailand, the UAE and Sri Lanka.

The proposed FTA could further strengthen India's position by reducing trade barriers and improving market access for exporters.

Potential opportunities for Indian textile companies include:

-Hospitality textiles such as bed linen, towels, curtains and furnishings for Maldives' expanding tourism sector

-Ready-made garments and uniforms for hotels, resorts and businesses

-Cotton textiles and fabrics

-Sustainable and recycled textile products

The announcement followed discussions between India's Commerce and Industry Minister Shri Piyush Goyal and Maldives Minister of Economic Development, Transport and Trade Mohamed Saeed during the latter's visit to India.

Both sides reviewed ongoing economic initiatives and formally launched FTA negotiations, with the agreement expected to improve market access, encourage investment and create new opportunities for businesses.

India is already one of the Maldives' key development and trading partners, with cooperation spanning infrastructure, connectivity, healthcare, education and tourism.

For textile exporters, the Maldives represents a strategic regional opportunity - a nearby market where India already has a strong supply position and where stronger trade ties could unlock further growth.

Home

India economic growth to slow sharply as weak investment, oil shock weigh: Reuters poll

India's economic growth is expected to slow sharply this fiscal year from last year's robust expansion and recover only modestly the following year, a Reuters poll of economists found, as weak private investment and higher oil prices triggered by the Iran war weigh on domestic demand.

Gross domestic product is forecast to grow 6.6% in the fiscal year ending March 2027, according to the median estimate in a Reuters poll, down from 7.7% in FY2025/26. Growth is then expected to edge up to 6.8% in FY2027/28.

The poll, conducted between July 21 to 27, surveyed 42 economists.

Asia's third-largest economy continues to rely heavily on government spending, and many economists remain concerned the official figures overstate the actual strength of the economy. India is not alone. Reuters polls of several Asian economies also found that higher oil prices and weak domestic demand are weighing on the outlook for China, Thailand, Indonesia and the Philippines.

"We believe the headline print likely overstates the true pace of underlying activity," said Kunal Kundu, India economist at Societe Generale.

Kundu added that while investment and inventory accumulation supported growth, "measurement distortions...have likely flattered the real growth outcome, leaving the headline print stronger than the underlying macro reality."

Official data showed private investment expanded 10.8% in the January-March quarter, its fastest pace under the revised GDP series, but questions linger over whether it can mount a sustained recovery even with strong corporate balance sheets.

Companies remain reluctant to commit to large capital expenditure plans because of uncertainty over the durability of domestic demand, economists say. This limits job creation for the millions entering India's labour force each year.

"A weaker global growth backdrop, slower trade expansion, or softer domestic consumption and investment demand could...weaken the incentive for firms to undertake fresh capacity expansion. Export-oriented sectors could also be particularly exposed," said Upasana Chachra, chief India economist at Morgan Stanley.

"Even where policy support is in place, firms may defer large capex decisions if demand visibility weakens."

The U.S.-Israeli war on Iran has driven up global crude prices, threatening higher inflation and weaker growth. India imports about 90% of its crude oil, leaving it vulnerable to prolonged increases in energy costs.

Higher oil prices have boosted fuel and transport costs, complicating the Reserve Bank of India's task of balancing slowing growth against renewed inflation pressures.

The RBI is expected to keep interest rates unchanged at its August policy meeting as policymakers assess the inflationary impact of higher energy prices.

"We do not see risks of the central bank sounding dovish in August," analysts at BofA said.

"We see a hold and messaging to emphasise risks on inflation management over the medium term, while waiting for clarity on growth in the near term."

Home

GLOBAL

Persistently high inflation to nag global economy, say economists: Reuters poll

The prospect of persistently high inflation in the global economy is rising, according to a Reuters poll of nearly 500 economists who mostly raised inflation forecasts and cut growth views as the war in the Middle East entered its fifth month with no end in sight.

Polling took place at a time when hostilities were briefly paused before the U.S. again resumed a bombing campaign and Iran hit targets in the region, which suggests an already deteriorating situation may look even worse in coming months.

The latest developments, which so far have not dislodged global growth expectations for the coming year and next, may create an even bigger challenge for many major central banks that had already spent years trying unsuccessfully to bring inflation down to target.

Economists in Reuters polls conducted June 29 to July 27 raised their inflation forecasts for 39 of 50 major economies for this year compared with April, with many citing effects from the war. They also cut growth forecasts for 32 of them.

It was roughly the same proportion on the inflation view for next year, with 37 upgrades. But there were fewer growth downgrades, 21.

Hostilities in a region crucial to the world's oil supply briefly pushed crude prices back above $100 a barrel last week. While energy prices eased after Washington paused its two-week campaign of air strikes on Iran on Saturday, oil is still over 20% higher than before the war began in late February.

"The market and some of our colleagues are probably underestimating the persistence of inflation," said Claudio Irigoyen, global head of economics at Bank of America Research, who called the initial impact from the war "a mild stagflationary shock."

"The inflation outlook has to do nowadays with one important thing...the Iran war, because the price of oil can continue climbing higher. Is it going to go to $120, $150? Nobody knows. But I don't think you're going to have a significant reduction in oil prices," Irigoyen added.

Inflation forecasts were raised for 17 of the 21 advanced economies surveyed, led by revisions for European countries, Australia and New Zealand, although changes were mostly marginal.

Government bond yields - sensitive to inflation expectations - are also ringing alarm bells. U.S. 10-year Treasury yields are near their highest since Donald Trump took over as U.S. president for his second term, despite three interest rate cuts since then.

THE GREAT GROWTH DIVIDE

Artificial intelligence-related spending worth hundreds of billions of dollars is helping a handful of economies to grow strongly and has kept global growth forecasts steady across multiple quarterly surveys. The median was for 2.9% growth this year and 3.1% in 2027, unchanged from April.

"It'd be interesting to see where the global economy would be if we didn't have this wave of spending by large tech companies on AI. I suspect we'd be talking a much weaker economy globally, not just in the U.S.," said Douglas Porter, chief economist at BMO Capital Markets.

Growth forecasts for the world's two biggest economies, the U.S. and China, leading the AI investment boom, were unchanged from the respective 2.2% and 4.6% predicted three months ago.

South Korea and Taiwan, both benefiting from the AI wave, led the GDP forecast upgrades for 2026.

"A bright spot in many Asian economies, especially in Korea and Taiwan, is AI-related investment," noted Frederic Neumann, chief Asia economist at HSBC.

"Look a little closer, though, and behind the façade the structure is a little more brittle than meets the eye. Much activity is driven, impressively and relentlessly, by the boom in AI hardware - but it is a boom that is narrowly based, benefitting the few and masking stagnation elsewhere."

Nearly every other economy got a downgrade for 2026, led by Kuwait, Bahrain, Qatar and Saudi Arabia, whose economies have been directly hit by the conflict in the region. Those economies are expected to rebound next year.

The euro zone economy was expected to grow 0.5% this year, almost half the 0.9% predicted in April, but was forecast to more than double to 1.2% in 2027.

Home

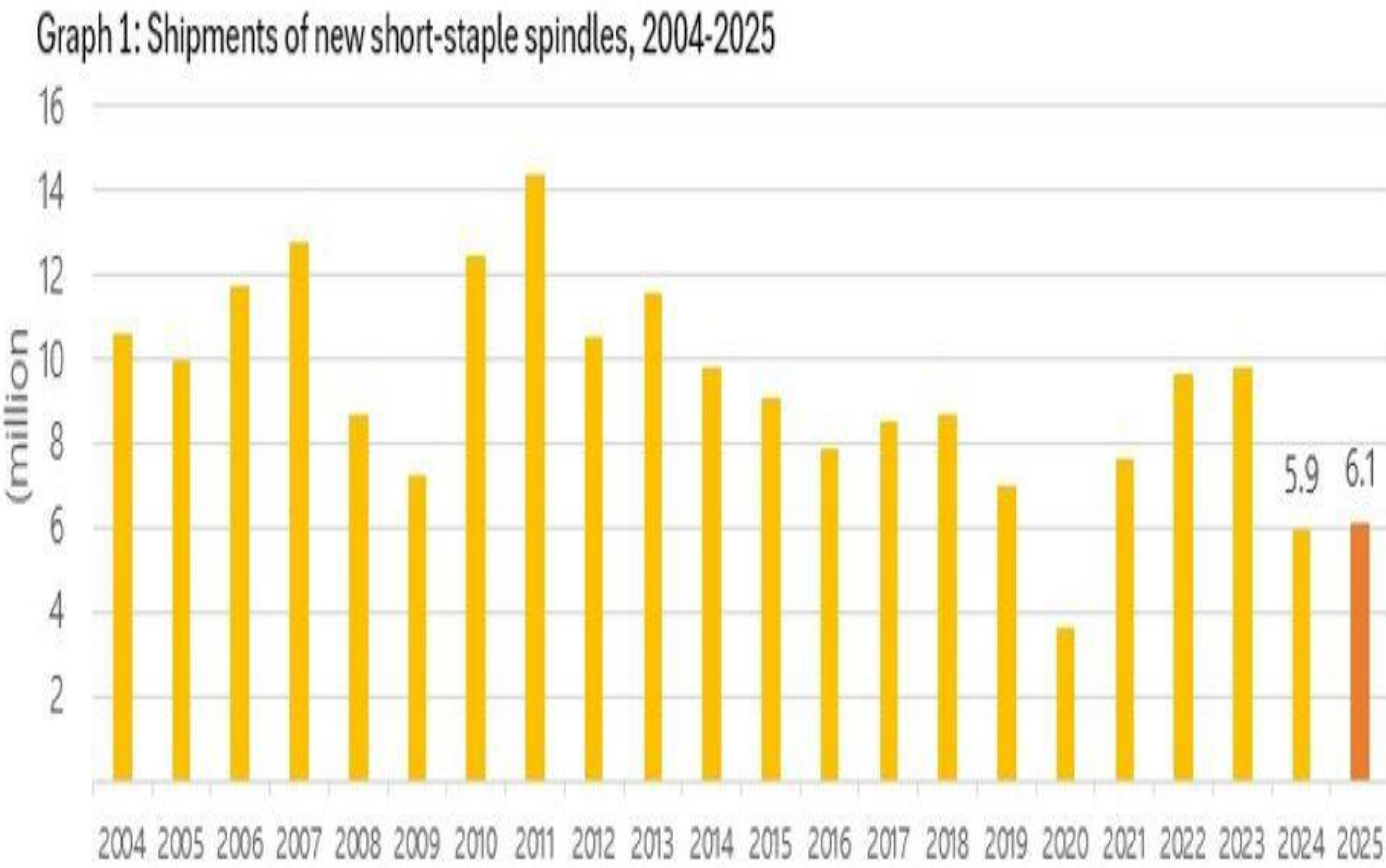
Global Textile Machinery Shipments shrunk in 2025, except for spinning

In 2025, global shipments of new short-staple spindles and open-end rotors increased by +3.3% and 3.5%, respectively (year-on-year). Deliveries of long-staple spindles decreased by -42%. The number of draw-texturing spindles delivered dropped by -23% and shuttle-less looms shipped by -28%. Shipments of large circular knitting machines deteriorated by -13% and shipped flat knitting machines registered a -22%-decrease. The sum of all deliveries in the finishing segment slightly rose by +8%.

These are the main results of the 48th annual International Textile Machinery Shipment Statistics (ITMSS) just released by the International Textile Manufacturers Federation (ITMF). The report covers six segments of textile machinery, namely spinning, draw-texturing, weaving, large circular knitting, flat knitting, and finishing. A summary of the findings for each category is presented below. The 2025 survey has been compiled in cooperation with more than 200 textile machinery manufacturers representing a comprehensive measure of world production.

Spinning machinery

The total number of shipped short-staple spindles increased by 195K units in 2025 to a level of 6.11 million (see Graph 1). Most of the new shipments went to Asia & Oceania (95%) where deliveries grew by 8.5% compared to 2024. Shipment to Africa, Europe (incl. Türkiye), and South America decreased by -46%, -33%, and -19%, respectively. Deliveries only increased for destinations in North and Central America (+264% to 77K). The six largest investors in the short-staple segment were China, India, Bangladesh, Indonesia, Uzbekistan, and Pakistan.



645K open-end rotors were shipped worldwide in 20254. This represents about 50K units more than recorded in 2024. 94% of global shipments went to Asia & Oceania where deliveries increased by +9% to 607K. China, India, and Vietnam were the world's 3 largest investors in rotors and saw increased investments of +4%, +12% and +17%, respectively. Deliveries increased in all major destination countries except for Türkiye and Bangladesh, the 6th and 7th largest destinations in 2025, where shipment dropped by -78% and -55% compared to 2024.

Global shipments of long-staple (wool) spindles decreased to 90K units in 2025 (-31%). This negative effect was driven by suppressed deliveries to Asia and Oceania where 76K units were shipped, about 55% of 2023's deliveries. 46% of total deliveries were shipped to China, 19% to India, and 16% to Iran.

Texturing machinery

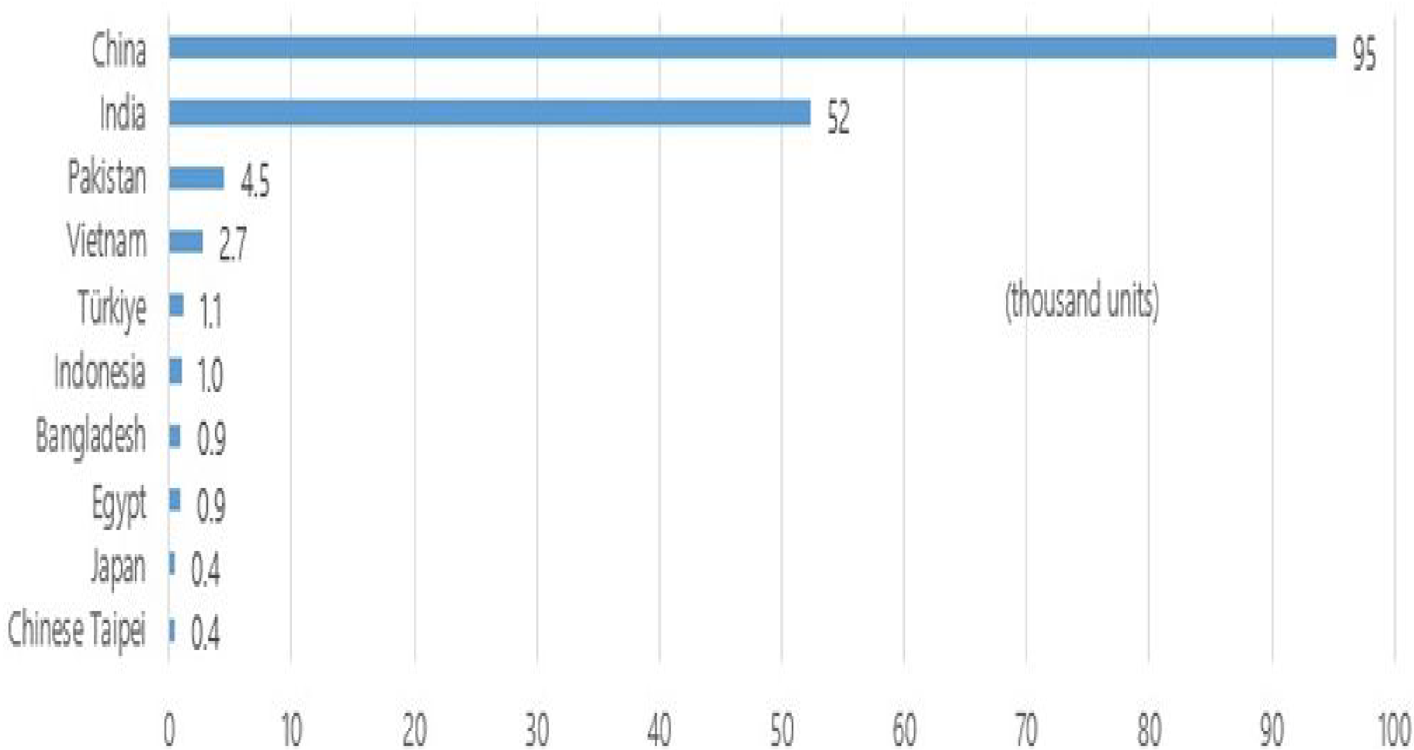
Global shipments of single heater draw-texturing spindles (mainly used for polyamide filaments) decreased by -21% from nearly 83K units in 2024 to 65K units in 2025. With a share of 97.6%, Asia & Oceania remained the strongest destination for single heater draw-texturing spindles in 2025. China, Indonesia, and Chinese Taipei were the 3 main investors in this segment with shares of global deliveries of 92%, 2%, and 1.4%, respectively.

In the category of double heater draw-texturing spindles (mainly used for polyester filaments), global shipments decreased by -22% to a level of 743K units. Asia's share of worldwide shipments remained at 98% and China continued to be the world's largest investor, accounting for 93% of global shipments.

Weaving machinery

In 2025, global shipments of shuttle-less looms decreased by -27.5% to 164K units. Deliveries in all categories decreased. Air-jet looms dropped by -6%, rapier and projectile looms by -18%, and water-jet looms by -38% to 54.6K, 20.5K and 88.5K, respectively. The main destination for shuttle-less looms was Asia & Oceania with 95% of worldwide deliveries. 98%, 89%, and 98% of global air-jet, rapier/projectile, and water-jet looms were shipped to the region, respectively. The main investor in air-jet and water-jet looms was China (see Graph 2), where shipment decreased by -32% (air-jet) and -57% (water-jet). The main investor in Rapier and projectile looms was India, with a 21% increase in deliveries in 2025.

Graph 2: Shipped shuttle-less looms, 10 biggest investors 2025



Circular & flat knitting machinery

Global shipments of large circular knitting machines decreased by -13% to 24.5K units in 2025. Asia & Oceania was the world's leading investor in this category with 86% of global shipments. China was the favoured destination with 53% of all deliveries (11.7K units), an increase of +9% compared to 2024. India and Vietnam ranked second and third destinations with 4.1K and 1.8K shipped units, respectively.

The number of shipped electronic flat knitting machines decreased by -21% to 106K machines in 2025. The fall was driven by Asia & Oceania, which received 93% of world shipments, despite ordering 24% less machines compared to 2024. Deliveries to all other regions increased. China remained the world's largest investor with an 66%-share of total shipments.

Finishing machinery

In the “fabrics continuous” segment, the number of shipped stenters increased by +3% from 2.2K units in 2024 to 2.3K units in 2025. This number includes an estimate for the total number of stenters shipped by companies which have not participated to the ITMF survey. Participating companies reported mixed results for all other machines in this category (decrease of -75% for Singeing lines and an increase of +24% for Mercerizing lines). In the “fabrics discontinuous” segment, the number of “Overflow Dyeing” shipped in 2025 increased by -30% to 2.9K units. Deliveries of “air jet dyeing” and “Jigger Dyeing / Beam Dyeing” dropped by -0.6% to 902 units and 28% to 269 units, respectively.

Home