LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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News Highlights

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India seeks policy boost to improve textiles industry competitiveness

An Indian parliamentary panel has called for stronger policy and financial support for the country's textile and apparel industry amid tariff uncertainty and weakening demand in the US market, while urging greater diversification towards technical textiles, man-made fibres (MMF), sustainable textiles, home furnishings and high-value apparel.

The Department Related Parliamentary Standing Committee on Commerce, headed by Rajya Sabha MP Dola Sen, presented its 200th Report on 'Evaluation of India–US Trade Relations' to both Houses of Parliament. The committee examined the challenges arising from US tariff measures and recommended measures to protect affected sectors and improve India's export competitiveness.

The committee said greater diversification towards technical textiles, MMF products, sustainable textiles, home furnishings and high-value apparel would be necessary to strengthen India's long-term competitiveness in international markets.

It also sought faster implementation of PM MITRA Parks, the Production Linked Incentive (PLI) Scheme and the Samarth Scheme to modernise the textile sector and improve productivity. In particular, it recommended that the Ministry of Textiles establish specialised MMF manufacturing clusters within new PM MITRA parks, giving micro, small and medium enterprises (MSMEs) easier local access to synthetic raw materials and helping production align with global demand, Rajya Sabha Secretariat said in a press release.

The panel also recommended strengthening support available under the Remission of Duties and Taxes on Exported Products (RoDTEP), Rebate of State and Central Taxes and Levies (RoSCTL), Interest Equalisation Scheme and other export promotion measures.

Liquidity support for textile MSMEs should be enhanced through concessional working capital, export credit, credit guarantee cover and faster disbursement of financial assistance, it said. Banks and financial institutions should also ensure timely sanction of export credit to viable exporters facing temporary stress from tariff-related disruptions.

Significantly, the committee proposed exploring an emergency relief programme under RoSCTL to compensate MSME textile exporters for price reductions demanded by US buyers. Such support, it said, could provide a financial cushion against business closures and potential job losses.

To address delivery-time disadvantages, the committee recommended that the Ministry partner with industry bodies to establish government-subsidised textile warehousing hubs at major US shipping entry points. It also proposed green-channel, fast customs corridors at Indian ports. The combination of locally held US inventories and quicker customs clearance could help Indian exporters shorten delivery lead times, reduce dependence on intermediaries and compete more effectively with faster global suppliers.

The committee also highlighted challenges facing India's carpet and handloom industries. It warned that higher tariffs and weaker US demand could reduce artisan incomes and employment while allowing competing suppliers to increase their market share.

For carpet exporters, it recommended marketing assistance through trade fairs, branding, Geographical Indication (GI) promotion, buyer-seller meets and design development. For handloom exporters and traditional weaving communities, it sought enhanced support for international exhibitions, branding, GI promotion, digital marketing, product diversification, design innovation and expansion into new export markets.

More broadly, the committee identified stagnation in traditional, labour-intensive sectors such as textiles and clothing as an area requiring policy intervention. It recommended technology-upgradation grants and a specialised market-linked incentive scheme to help textile exporters diversify product designs in line with changing US consumer preferences.

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Giriraj Singh reaffirms government commitment to transforming India’s cotton ecosystem

The Cotton Corporation of India Ltd. (CCI), a Public Sector Undertaking under the Ministry of Textiles, Government of India, marked its 56th Foundation Day on August 2, 2026, in Chhatrapati Sambhajinagar, Maharashtra. The event was graced by Union Minister of Textiles Giriraj Singh.

The ceremony also saw the presence of Sanjay Shirsat, Minister of Social Justice, Government of Maharashtra; Sanjay Savkare, Minister of Textiles, Government of Maharashtra; Atul Save, Minister of Other Backward Bahujan Welfare, Dairy Development, Renewable Energy and Divyang Welfare, Government of Maharashtra; Joint Secretary (Fibre), the Textile Commissioner, senior officials from the central and Maharashtra governments, the Executive Director of ICAC, researchers, scientists, representatives of the textile industry, Farmer Producer Organisations (FPOs), and cotton farmers.

In his address, Union Minister Giriraj Singh described cotton as a cornerstone of India's rural economy, self-reliance and agricultural prosperity. He reiterated the Government's unwavering commitment to the welfare of cotton farmers.

Highlighting CCI's achievements during the Cotton Season 2025-26, the Minister stated that the corporation conducted one of the largest Minimum Support Price (MSP) procurement operations in its history by procuring over 522 lakh quintals of seed cotton (kapas) through nearly 24 lakh farmer transactions. This operation resulted in a direct transfer of ₹41,530 crore into farmers' Aadhaar-linked bank accounts.

He noted that the MSP for seed cotton (kapas) has increased by about 7 per cent for the Cotton Season 2026-27, a measure aimed at guaranteeing remunerative prices and reinforcing income security for cotton-growing farmers nationwide.

Referring to the recently approved Cotton Productivity Mission – Kapas Kanti, Giriraj Singh detailed that the mission, with an outlay of ₹5,659 crore over five years, is a transformational initiative focused on enhancing cotton productivity and quality. It seeks to modernise cotton processing infrastructure, promote branding and traceability through Kasturi Cotton Bharat, and encourage sustainable, climate-resilient cultivation practices.

The Minister explained that Kasturi Cotton Bharat embodies India's vision of taking premium Indian cotton from "Farm to Fashion to Global Market" by employing internationally accepted certification, traceability and sustainability standards.

Congratulating the Cotton Corporation of India on its 56 years of dedicated service, Giriraj Singh expressed confidence that the combined efforts of the Government, farmers, industry, and research institutions will accelerate the growth of India's cotton sector and contribute significantly towards the achievement of Viksit Bharat @2047, reinforcing India's role as a global leader in sustainable and high-quality cotton.

On the occasion, the ‘Kapas Darshan’ Bulletin was launched to provide cotton farmers with timely advisories on weather, markets, scientific cultivation practices, quality management, and government schemes. Audio-visual presentations covered contamination control, the Kapas Kisan Mobile App, and the Cotton Productivity Mission – Kapas Kanti.

To encourage scientific, sustainable, and contamination-free cotton farming, modern agricultural equipment such as Kapas Plucker Machines, Cotton Stalk Shredder Machines and Contamination Control Kits were distributed to cotton farmers and Farmer Producer Organisations (FPOs).

A key feature of the event was the signing of four Memorandums of Understanding (MoUs) to strengthen India’s cotton ecosystem: CCI and ICAR-CIRCOT agreed on capacity building and quality improvement in the ginning and pressing sector; CCI partnered with GIZ to enhance market access for cotton farmers through Kasturi Cotton Bharat by promoting sustainability, quality assurance and traceability; CITI, ICAC and MERAGO/GEOCLARA signed an MoU to promote carbon credit generation through climate-smart and sustainable cultivation practices; and TEXPROCIL and Manjeet Cotton Pvt. Ltd. agreed to collaborate under Kasturi Cotton Bharat for the production and certification of 30,000 cotton bales, ensuring traceability, quality standard compliance, and developing a premium traceable cotton supply chain.

The day’s festivities began with a Farmer Orientation Programme featuring film demonstrations on the use of Cotton Stalk Shredder Machines, Kapas Plucker Machines, contamination control techniques, and sessions on the Cotton Productivity Mission – Kapas Kanti. A musical presentation on Pink Bollworm Management was provided to encourage scientific crop management practices.

Joint Secretary (Fibre) Padmini Singla, IAS, of the Ministry of Textiles, stated that India’s cotton sector is entering a transformative phase characterised by innovation, sustainability and improved productivity. She said that the Cotton Productivity Mission – Kapas Kanti will expedite productivity, enhance global competitiveness through Kasturi Cotton Bharat, and promote sustainable natural fibres across the cotton value chain.

She noted the Ministry’s commitment to strengthening the entire cotton value chain from “Farm to Fibre, Fibre to Fabric and Fabric to Fashion.” She praised farmer-friendly MSP operations and digital initiatives for increasing transparency, accessibility and efficiency in cotton procurement, asserting that productivity improvements, quality assurance and global branding remain central to the growth strategy.

Lalit Kumar Gupta, Chairman-cum-Managing Director of CCI, welcomed the dignitaries and highlighted the corporation's remarkable journey over the last 56 years in protecting the interests of cotton farmers through transparent, technology-driven and farmer-centric initiatives. He reaffirmed CCI's commitment to ensuring remunerative prices for farmers, promoting quality cotton production, and contributing to the vision of Viksit Bharat @2047.

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US sanctions bill makes India-US trade deal more critical, may push up import bill: Economist

Read more at : https://m.economictimes.com/news/economy/foreign-trade/us-sanctions-bill-makes-india-us-trade-deal-more-critical-may-push-up-import-bill-economist/articleshow/133047587.cms

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Indian exporters suffer twists and turns of freight amid Lanka, Singapore transhipment jam

Read more at : https://m.economictimes.com/industry/transportation/shipping-/-transport/indian-exporters-suffer-twists-and-turns-of-freight-amid-lanka-singapore-transhipment-jam/articleshow/133074515.cms

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Bangladeshi apparel gains advantage as China, India exports to US drop

Amid broader demand contraction in the United States apparel market during the first half of 2026 (January–June), Bangladesh has demonstrated significant competitive resilience compared to major Asian rivals.

According to official data released by the Office of Textiles and Apparel (Otexa) under the US Department of Commerce, total US garment imports fell 8.04% in value to $35.09 billion and 8.50% in volume (Square Meter Equivalent - SME) as retailers managed excess inventory and navigated consumer spending cutbacks.

However, while shipments from China and India plunged by 37.69% and 25.27% respectively, Bangladesh's exports contracted by a modest 5.75% to $4.01 billion.

Supported by a 5.74% year-on-year export rebound in June ($763.57 million) and favorable positioning under proposed US Tariff-Rate Quota (TRQ) frameworks, Bangladesh is poised to capture reallocated market share in the second half of 2026.

Global apparel shipments to the US totaled $35.09 billion in H1 2026, down 8.04% in value and 8.50% in volume compared to H1 2025.

US imports from Bangladesh reached $4.01 billion, declining 5.75% in value and just 3.69% in volume—significantly outperforming main regional competitors.

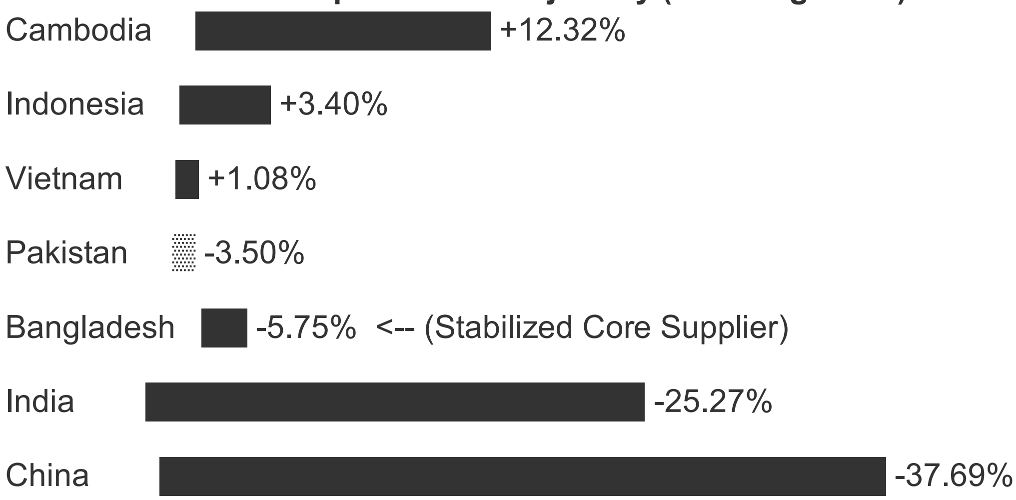
China suffered a 37.69% value drop ($ and 26.30% volume loss), while India experienced a 25.27% value decline ($ and 22.74% volume loss).

Vietnam achieved +1.08% value growth (+3.30% volume), Cambodia expanded +12.32% in value (+14.59% volume), and Indonesia grew +3.40% in value (+10.89% volume).

Bangladesh's unit export prices softened by a minor 2.15% (matching Vietnam), whereas China was forced to slash unit prices by 15.46%, Indonesia by 6.75%, Pakistan by 5.63%, and India by 3.28% to defend volume.

Bangladesh recorded a 5.74% year-on-year increase in US export earnings in June 2026, generating $763.57 million.

H1 2026 US Import Value Trajectory (% Change YoY)



Exporting Nation	Import Value (USD)	Value Change YoY (%)	Volume Change YoY (%)	Unit Price Change (%)
Cambodia	Growth Leader	+12.32%	+14.59%	-1.98%
Indonesia	Growth Leader	+3.40%	+10.89%	-6.75%
Vietnam	Top Volume Supplier	+1.08%	+3.30%	-2.15%
Pakistan	Moderate Decline	-3.50%	+2.26%	-5.63%
Bangladesh	Core Stability Anchor	-5.75%	-3.69%	-2.15%
India	Heavy Loss	-25.27%	-22.74%	-3.28%
China	Severe Realignment	-37.69%	-26.30%	-15.46%

US trade policy realignment

The shifting market dynamics coincide with updates to US trade policy under Section 301 mandatory labor-related trade frameworks, which categorize 86 exporting nations into a two-tier additional tariff structure:

- **10% Tariff Tier:** Bangladesh, Cambodia, India, Indonesia, Pakistan, Malaysia, Canada, and the UK face a 10% additional tariff rate.
- **12.5% Tariff Tier:** China, Vietnam, Thailand, Brazil, Russia, and Australia are subjected to a higher 12.5% additional tariff rate.

While the 10% rate is applied directly on top of existing Most-Favored-Nation (MFN) tariffs for Bangladesh, the 2.5% duty differential over Vietnam and China offers a relative pricing advantage.

Crucially, the US trade administration is reviewing plans to introduce duty-free Tariff-Rate Quotas (TRQ) for select textile and cotton product categories.

Bangladesh, Cambodia, Indonesia, and Malaysia have been designated as eligible participating nations, while direct competitors China, Vietnam, and India are excluded.

Once formally scheduled and implemented, TRQ access will allow specified volumes of Bangladeshi apparel to enter the US duty-free, providing a structural margin buffer against regional rivals.

"In an environment where total US apparel imports fell by over 8%, keeping Bangladesh's value drop limited to 5.75% while China and India plummeted by 37% and 25% demonstrates strong buyer confidence," noted Mohiuddin Rubel, founder & CEO of Bangladesh Apparel Voice and former BGMEA director.

"In today's global market, preserving market share during a demand contraction is a victory. It proves that global retailers view Bangladesh as a reliable sourcing hub built on compliance, sustainable manufacturing, and scale."

"The 10% Section 301 tariff tier and the proposed duty-free Tariff-Rate Quota (TRQ) list present a unique opportunity for Bangladesh," Rubel emphasized.

"Because major competitors like Vietnam, China, and India are excluded from the initial TRQ proposal, Bangladesh stands to gain a distinct pricing edge. However, realizing this potential requires active economic diplomacy to expedite TRQ implementation, alongside domestic reforms to resolve gas shortages, port bottlenecks, and high commercial interest rates. We cannot capture global opportunities if domestic utility constraints stall factory output."

To convert US policy advantages into sustained export growth in H2 2026, trade analysts recommend four priorities:

1. **Focused Trade Diplomacy:** Engaging US trade representatives to fast-track the official operational timeline for the proposed Tariff-Rate Quota (TRQ) system.
2. **Addressing Domestic Utility Deficits:** Priority gas allocation to apparel and textile clusters in Gazipur, Savar, and Narayanganj to guarantee lead times.
3. **Port and Customs Streamlining:** Fast-tracking raw material releases at Chittagong Port and Dhaka Airport to shorten production cycles.
4. **High-Value Product Shift:** Expanding production capacity in man-made fiber (MMF) activewear and outerwear to capture higher unit-value orders in the US market.

Bangladesh’s resilience during the US apparel import contraction highlights its strength as a primary global sourcing destination.

By pairing its tariff advantages and proposed TRQ eligibility with domestic gas and infrastructure fixes, Bangladesh can turn the ongoing US market realignment into long-term export growth.

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Bangladesh pushes for EU trade deal, RCEP entry

Bangladesh is preparing to launch formal negotiations for a free trade agreement with the European Union while pressing ahead with its bid to join the Regional Comprehensive Economic Partnership (RCEP), as the country steps up its efforts.

The dual push marks a significant step for the country. With chief negotiators appointed and diplomatic groundwork laid, Dhaka is positioning itself to cement formal trade ties with two of the world's most powerful economic blocs.

Formal steps for the EU trade negotiations are expected to begin next month. Commerce Minister Khandakar Abdul Muktadir confirmed that an initial exchange of formal letters with the EU has already taken place, agreeing to enter negotiations for a free trade agreement (FTA).

"We are hopeful that we will get the date of engagement for the negotiation with the EU after August," Muktadir told The Daily Star.

An additional secretary from the Ministry of Commerce has been named Bangladesh's chief negotiator, while the EU has similarly appointed its lead trade representative.

The EU remains Bangladesh's largest export destination. According to European Commission data, Bangladesh was the EU's 35th-largest trading partner in 2025, accounting for 0.5 percent of total EU trade in goods. Conversely, the EU was Bangladesh's largest trading partner, capturing a 21.5 percent share of the country's global merchandise trade.

Bilateral trade in goods reached €23.3 billion in 2025, leaving the EU with a €19.1 billion trade deficit in Bangladesh's favour. EU imports from Bangladesh are overwhelmingly dominated by textiles, which comprised nearly 94 percent of total shipments in 2025.

Furthermore, Bangladesh is the largest beneficiary of the EU's Everything But Arms (EBA) arrangement, with €19 billion worth of exports benefiting from these duty-free preferences in 2024 at a 96 percent utilisation rate.

EU foreign direct investment stock in Bangladesh stood at €2.5 billion in 2024, while Bangladesh's FDI in the EU totalled €86 million.

Parallel to the European talks, Commerce Secretary Md Ataur Rahman Khan is currently visiting Australia and New Zealand to rally support for Bangladesh's accession to RCEP.

The 15-nation free trade agreement in the Asia-Pacific region -- comprising the ten ASEAN members alongside Australia, China, Japan, New Zealand, and South Korea -- encompasses 30 percent of global GDP and represents a $32 trillion economic zone.

Muktadir expressed confidence in Bangladesh's prospects for joining RCEP, noting that the country has satisfied foundational criteria, such as submitting formal applications, and holds an advantage due to existing bilateral trade pacts with members Japan and South Korea.

However, the minister did not say exactly when Bangladesh may gain RCEP accession.

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Serbia and Ukraine pledge closer economic ties, eye free trade deal

Serbia and Ukraine have agreed to deepen economic cooperation, with both sides pledging to finalise a long-stalled free trade agreement by the end of the year as Serbian President Aleksandar Vucic hosted his Ukrainian counterpart, Volodymyr Zelenskyy, in Belgrade.

The commitment came on the final day of a two-day visit that concluded on Saturday, Zelenskyy's first to Serbia since taking office in 2019. The two leaders have met several times previously, most recently in Kyiv on July 15.

Speaking at a joint news conference, Vucic said Serbia would support Ukraine's bid to join the European Union and maintain its support for Ukraine's territorial integrity, including territories seized by Russia since 2014.

Belgrade has, however, refused to impose sanctions on Russia, its longtime ally.

Ukraine, for its part, has not recognised Kosovo's 2008 declaration of independence. Serbia considers Kosovo part of its territory.

"You have never heard a single bad word about our country, neither from Volodymyr Zelenskyy nor anyone else [in Ukraine], and I am extremely grateful to our Ukrainian friends for that," Vucic said.

"Our cooperation is expanding and will become much bigger," he told reporters, adding that Serbia would help rebuild Ukrainian cities damaged by Russia's invasion.

Long-delayed free trade agreement

The proposed free trade agreement has been under discussion for more than two decades, with both countries now aiming to complete a deal by the end of the year.

The agreement is crucial to Serbia's bid to join the World Trade Organization and is a prerequisite for its EU membership. Ukraine has blocked a deal since 2005 over quotas and tariffs affecting its agricultural sector.

Both leaders pointed to progress on the agreement as a sign of strengthening economic ties, alongside Serbian commitments to provide humanitarian aid and infrastructure and energy support to Ukraine this winter.

Zelenskyy said the two leaders had discussed joint infrastructure projects as well as cooperation on energy and food security before the winter, saying that "virtually not a single thermal power plant remains intact" in Ukraine because of Russian strikes.

He said Russian attacks had also damaged railway stations, hospitals, universities and civilian businesses, and thanked Serbia for preparing a new humanitarian aid package focused particularly on the medical and energy sectors.

"We are developing all formats of cooperation which can give our people … more resilience," Zelenskyy said.

In a post on X on Saturday, Zelenskyy said he also discussed economic and logistics projects with Serbian Prime Minister Duro Macut, including the Danube Corridor and closer links between Ukraine, the Western Balkans and the EU.

Zelenskyy thanked Serbia for pledging 2 million euros ($2.3m) to support Ukraine's energy sector.

The two countries also signed a memorandum on animal health and food safety, according to the Kyiv Post. The agreement was signed by Serbia's Agriculture Minister Dragan Glamocic and Ukraine's ambassador to Serbia, Oleksandr Lytvynenko.

Serbia balances EU ambitions and Russia ties

Vucic expressed doubts that either Serbia or Ukraine would secure rapid EU membership.

"I wish Ukraine every success, but this is not just a merit-based process," he said, noting that the bloc has not admitted a new member since Croatia joined in 2013.

He also warned that he did not expect the war in Ukraine to end soon.

"I'm very afraid that we're in for a very difficult winter – especially for Ukrainians," Vucic said, according to the Kyiv Post.

Belgrade had condemned Russia's full-scale invasion of Ukraine in 2022 and has supported Ukraine's territorial integrity, but it has resisted joining Western sanctions against Moscow. Serbia also remains dependent on Russia for most of its gas.

At the same time, Serbia has sought to reduce some of its military dependence on Russia, including through an agreement to replace its ageing Soviet-era MiG-29 fighter jets with French Rafale aircraft.

The Kremlin has repeatedly accused Serbia of selling ammunition that ultimately reached Ukraine through intermediaries. Belgrade has denied supplying ammunition to Ukraine, but has said it sells ammunition to buyers around the world.

Vucic and Zelenskyy said military cooperation was not discussed during the visit.

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