

LETTER

CONFEDERATION OF INDIAN TEXTILE INDUSTRY

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India, Switzerland expand trade ties, sign mobility agreements

India and Switzerland today agreed to widen market access for Indian exports, including textiles, and signed new agreements covering migration and mobility, young professionals, and transport, mobility and infrastructure after talks in New Delhi between Indian Prime Minister Narendra Modi and Swiss President Guy Parmelin.

Modi said the decisions would support exports of Indian agricultural products, pharmaceuticals, textiles and engineering goods to Switzerland, while also encouraging Swiss investment in India in areas such as biotechnology, life sciences, banking, insurance, food processing and sustainability. "We invite Swiss infrastructure companies to invest in India at a large scale and participate in capacity building, design, and manufacturing," he said.

Prime Minister Modi added the two countries had taken several decisions to expand Swiss market access for Indian exports and further facilitate investment between the two economies. He said the initiatives would help India and Switzerland develop trusted supply chains and reliable solutions, the Prime Minister's Office (PMO) said in a press release.

Modi linked the current engagement to the Trade and Economic Partnership Agreement (TEPA) between India and the European Free Trade Association (EFTA) countries. The TEPA was implemented in October last year and is India's first free trade agreement (FTA) with an economic bloc in Europe. The PM said the agreement targets \$100 billion in investment in India and 1 million direct jobs over the next 15 years.

The two sides also signed an agreement on transport, mobility and infrastructure.

The Indian PM also extended support to Switzerland for the Geneva AI Summit next year.

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India's industrial output flags gap between textiles, apparel manufacturing

The government's industrial output data, which showed robust growth in August this year, buoyed by the overall manufacturing sector's performance, indicated a prolonged contraction in apparel production, even as the upstream textile industry logged firm upward momentum.

According to the Index of Industrial Production (IIP) released by the Statistics Ministry last week, overall growth in August 2026 stood at 8 per cent against 6.7 per cent in the preceding month.

Within the manufacturing sector, 18 of 23 industry groups have recorded positive growth in August 2026 over the year-ago month, the Ministry of Statistics and Programme Implementation (MoSPI) said in a statement.

Wearing apparel, one of the 23 manufacturing industries and the bellwether of India's exports, has witnessed a contraction of 7.4 per cent in August and a cumulative year-on-year decline of 5.6 per cent during the April-August period of the current financial year.

In contrast, the textile industry, which feeds apparel manufacturing, has recorded a strong growth of 13.1 per cent in August and a cumulative expansion of 11.9 per cent in the current fiscal year so far.

Among the constituents of the broader benchmark IIP, textile production weighs 3.27 points and wearing apparel 1.97 points on a scale of 100, which includes 76 points under 'Manufacturing'. Other industries such as 'Mining & Quarrying', 'Electricity & Gas Supply', and 'Water Supply, Sewerage & Waste Management' carry the remaining 24 points.

The gap between the production of upstream raw material manufacturers and the user industry in the downstream seems to be widening incessantly, irrespective of geopolitical situation, tariff uncertainties, and global macroeconomic conditions.

Explaining the divergent trend, A Sakthivel, Chairman of Apparel Export Promotion Council, said that the two indices cover different stages of production and therefore, "need not necessarily move in line with overall industrial output".

"Textile manufacturing largely covers upstream segments such as yarn and fabric, where production is influenced by raw-material prices, inventory and intermediate demand. Yarn prices, for instance, have seen a significant increase recently.

"Wearing apparel is the final, value-added stage and is more directly linked to export orders, buyer inventories and global retail demand. With the global environment currently marked by geopolitical and trade uncertainties, apparel production can therefore respond more quickly to changes in external demand," he said.

India's textile and apparel industry has a strong domestic demand base alongside its export orientation. According to the Ministry of Textiles' National Household Survey 2024, the overall textile market was estimated at ₹14.95 trillion, of which the domestic market accounted for ₹12.02 trillion - roughly 80 per cent.

India also aims to increase its apparel exports to \$40 billion by 2030 from around \$16 billion at present.

MOVING BACK AND FORTH:

The barometer shows that the manufacturing of wearing apparel last year slipped by 2 per cent in September and over 7.3 per cent in October before rising 6.7 per cent in November and over 17 per cent in December. This year, the index recorded a sharp fall of 8.6 per cent in January followed by another 3.4 per cent decline in February.

What is more concerning is that a month after the outbreak of the US-Iran war, the index rose in March by 4.8 per cent sequentially but fell over 10 per cent in April.

During May and June, the index showed a growth of 3.6 per cent and 2.3 per cent. However, it contracted again in July and August by 2.3 per cent and 7.2 per cent, respectively.

At the same time, textile production logged steady growth month-on-month between August and December last year, except for a one-time fall of 7.7 pc in October 2025. This year, textile production saw a significant drop only in January (5.7 per cent) and February (24.2 per cent). However, it rebounded sharply by 48 per cent in March and stayed at the same level until August this year, notwithstanding the unstable geopolitical situation and unabated global trade disruptions through the Strait of Hormuz.

BROADER IMPACT:

According to the National Accounts Statistics 2025, the textile and apparel sector accounts for around 2 per cent of the country's GDP and 11 per cent of manufacturing GVA (Gross Value Added) on average over the last three years.

"A prolonged contraction in apparel manufacturing could affect manufacturing, value addition, exports, investment and employment, with implications for overall economic activity," Sakthivel added.

According to industry players, the apparel industry continues to show resilience. Apparel exports were down 9.1 per cent during April-August 202627, reflecting the challenging global environment, but the pace of decline has moderated in recent months.

"The industry is also actively diversifying markets through new FTAs (free trade agreements) and expanding market access, while the upcoming festive season is expected to support demand. Thus, the current IIP numbers merit close monitoring, but they should be seen as reflecting the adjustment of a globally integrated, value-added industry to changing market conditions rather than as a broad-based deterioration in the sector," the AEPC chairman said.

Despite challenges, apparel manufacturers, as well as exporters, are betting big on the upcoming festive demands from overseas and expect sales to pick up in the next couple of months.

Experts said that new FTAs and expanding market access are opening opportunities for market diversification, while India's large domestic market, particularly with festive-season demand, provides an additional source of support.

They said that with the industry's ability to adapt to changing global conditions, apparel manufacturing is expected to regain momentum and contribute positively to India's growth going forward.

"The manufacturing growth is slow, but it is cyclical. The growth will pick up in two to three months. We are making Christmas orders at present," said Sharad Saraf, a Mumbai-based exporter and CMD of Technocraft Industries.

Saraf, who also has a textile unit in Amravati, Maharashtra, said the manufacturing units need a skilled workforce permanently and must hire additional workers from time to time depending on the order book.

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India-US trade talks hit 'plateau' as concessions narrow: Sitharaman

India and the United States (US) have reached a "plateau" in negotiations for an interim bilateral trade agreement, with both sides having little room left to make further concessions, Indian Finance Minister Nirmala Sitharaman said.

"The agreement's negotiations are still ongoing, although we would like to believe that both the sides have reached a plateau, beyond which giving or taking might be very, very

difficult,” Sitharaman said while addressing the Munich Leaders Meeting in New Delhi, as per media reports.

She, however, said there were still “rooms to operate from” and that both sides would use them if identified during the ongoing discussions.

The negotiations have continued for months after India and the US reached an initial understanding in February under which Washington was to lower tariffs to 18 per cent, while India agreed to reduce duties on a range of US industrial and agricultural products.

Talks have since faced hurdles, including a US investigation into unfair trade practices involving several countries, including India. US Trade Representative Jamieson Greer said last week that he did not believe an announcement on the deal was imminent, while noting that both sides had identified the items that remained sticking points.

Sitharaman said the negotiations were being conducted “very rigorously” and highlighted the existing trade imbalance between the two countries, saying the balance was “very much in our favour”. She added that the US would naturally seek to narrow the gap and address what it considers losses accumulated over the years.

The latest remarks came days after Indian Prime Minister Narendra Modi spoke with US President Donald Trump on September 30. The two leaders discussed co-operation in trade, defence, energy and critical technologies, among other issues, and agreed to remain in close contact.

Separately, Indian Commerce and Industry Minister Piyush Goyal met Greer on the sidelines of the G20 Trade Ministers’ Meeting in Milwaukee. Goyal said the two discussed efforts to conclude a mutually beneficial interim trade agreement at the earliest.

The two countries are now seeking to conclude the interim bilateral trade agreement, after the signing of the February framework was delayed following a US Supreme Court ruling that affected the legal basis of the preferential tariff mechanism Washington had offered.

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BTTF and Première Vision sign MoU to strengthen India’s global textile and fashion linkages

The Bharat Tex Trade Federation (BTTF) and Première Vision SA, one of the world's leading international platforms for creative fashion, textiles, and sourcing, signed a Memorandum of Understanding (MoU) on 2nd September, 2026 at the Premiere Vision (Paris) exhibition to establish a multi-year institutional partnership aimed at strengthening India's engagement with the global fashion and textile ecosystem.

The MoU was signed by Dr. A. Sakthivel, Core Committee Member, BTTF and Chairman, Apparel Export Promotion Council (AEPC), and Florence Rousson, CEO – Fashion Division, Première Vision SA.

The signing ceremony took place in the august presence of Neelam Shami Rao, Secretary, Ministry of Textiles, Government of India, and Dr. M. Beena, Development Commissioner (Handlooms). The occasion was witnessed by prominent industry captains from India, leading designers, EPC Officials, Indian Embassy officials, BTTF leadership among others.

The MoU builds upon the Letter of Intent (LoI) signed on 14th July 2026 at Bharat Tex 2026, New Delhi, in the presence of the Union Minister of Textiles Giriraj Singh, translating the vision into sustained collaboration across trade, sourcing, design, sustainability and heritage.

Connecting Indian Textiles with the Global Fashion Ecosystem

Première Vision has been an international benchmark for fashion industry for over five decades. This partnership provides a major avenue for Indian textile manufacturers, exporters, designers and artisans to connect with international buyers, fashion houses and premium sourcing networks.

A core strategic objective is facilitating India's movement beyond volume-driven exports toward high-value, design-led and premium segments. Première Vision's trend intelligence platforms will support the Indian enterprises align with global market demands and build relationships with buyers seeking sustainable, high-quality sourcing solutions.

Stronger Market Access Amid India-EU Trade Momentum

The partnership comes at an important juncture following the conclusion of negotiations for the India-EU Free Trade Agreement in January 2026. The agreement provided preferential market access on 96.8% of tariff lines covering 99.5% of India's exports, with 90.7% of exports by trade value expected to become duty-free upon coming into force.

For the textile and apparel sector, the opportunity is particularly significant. The EU's global textile and apparel imports stood at approximately US\$292.8 billion in 2025, while India's textile and apparel exports to the EU are currently around US\$10.4 billion.

The India-EU FTA's proposed zero-duty access across textile and clothing tariff lines is therefore expected to create significant opportunities for Indian exporters across garments, textiles, yarns and home textiles, while enhancing India's competitiveness in the European market.

Speaking on the occasion, Neelam Shami Rao, Secretary, Ministry of Textiles, Government of India, stated: *"Bharat Tex, envisioned under the 5F Vision of Hon'ble Prime Minister Shri Narendra Modi, has emerged as the world's largest integrated textiles event, with a strong focus on trade, sustainability and investment. This partnership with Première Vision is a natural progression, creating new opportunities to showcase India's luxury textiles and rich heritage to Europe and the world, while benefiting artisans, weavers, designers, women entrepreneurs and MSMEs across the country."*

Dr. A. Sakthivel, Core Committee Member of BTTF, stated: *"This partnership with Première Vision will connect Indian textiles more closely with global markets while showcasing our rich heritage and advancing sustainability, reinforcing India's position as a competitive and responsible textile hub."*

Florence Rousson, CEO of Première Vision's Fashion Division, added: *"We are delighted to partner with BTTF to foster creativity, innovation and responsible sourcing, while creating new opportunities for Indian and French stakeholders across the textile value chain."*

Key Areas of Collaboration

Under the MoU, which will be overseen by a Joint Steering Committee, both organizations will collaborate on:

- Delegation & Knowledge Session: Reciprocal participation of exhibitors, delegations, speakers and experts across both trade shows, supported by joint export promotion and buyer-seller meets.
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- Export Promotion & Market Linkages: Joint export promotion initiatives to enhance the market access, including buyer-seller meets and reverse buyer-seller meets, exchange of market intelligence and cooperation benefitting both parties.

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- Sustainability: Promote circularity, traceability and responsible production, and shall cooperate on promoting sustainability initiatives at their respective events.
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- Heritage & Craftsmanship: Establish an *Eternal Crafts Collaboration* for showcasing Indian and French heritage and textiles to the international luxury and creative fashion community. It shall include “A Living Thread” showcasing in January 2027 representing artisan and ateliers showcasing Indian hand embroidery, handloom and allied heritage techniques together with French textiles heritage.
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By bringing together India's manufacturing capabilities, diverse textile ecosystem and rich craft traditions with Première Vision's global fashion and sourcing network for premium and luxury segments, the partnership marks an important step towards enabling Indian enterprises to access higher-value international markets and strengthening India's position as a sustainable, innovative and high-value sourcing destination for the global fashion industry.

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Bangladesh's apparel industry and the changing fabric equation

Bangladesh has mastered the economics of scale. Its next challenge is to deepen its capabilities in higher-value and technically differentiated products. Against this backdrop, could the government's recent move to ease imports of specialised fabrics and remove procedural bottlenecks support this transition, as manufacturers also look to diversify beyond basic product categories?

Bangladesh exported an estimated \$38.825 billion worth of apparel in calendar year 2025. Media reports, citing certain analysis based on data from the Export Promotion Bureau and the International Trade Centre's Trade Map, meanwhile highlighted that 76.94 per cent of Bangladesh's apparel export basket came from basic categories, compared with 61.58 per cent globally.

The analysis classified products such as bottomwear, T-shirts and sweaters, among others, within its basic-product category.

A September 2026 amendment to Bangladesh's Import Policy Order 2026–2029, meanwhile, has eased access to specialised fabrics and materials for specified apparel categories, including seamless sportswear and functional garments, subject to the conditions set out in the amended provisions and, where applicable, recommendations from Bangladesh Garment Manufacturers and Exporters Association (BGMEA) or Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), as per recent reports.

The amendment has also reportedly removed the requirement for export-oriented garment manufacturers to obtain Commerce Ministry permission to import yarn and fabric. This change should be distinguished from the specialised-fabric provision: the former reduces procedural requirements in specified cases, while the latter provides a framework for importing specialised inputs for certain apparel products.

Crucially, the significance of the change lies primarily in easing import procedures and sourcing restrictions rather than in reducing import duties. Its immediate significance, therefore, lies in greater sourcing flexibility. That matters because specialised and higher-value apparel may require inputs that are not available domestically at the required cost, quality, scale or speed.

Bangladesh's heavy concentration in cotton-based apparel can constrain its ability to compete in product categories that require a broader range of synthetic, blended and functional textile inputs. Easier access to specialised materials could help manufacturers respond more effectively to changing requirements and develop products in segments such as sportswear, functional apparel and other technically demanding categories.

The industry has been making a similar case for some time now. The BGMEA has repeatedly highlighted product and market diversification. It has also emphasised technology adoption, skills development, product development and innovation as important elements of the industry's next phase of growth.

There is also growing industry interest in categories such as sportswear, outerwear and technical apparel. BGMEA has highlighted investments and factory-level initiatives involving higher-value and non-cotton products, while industry programmes have focused on strengthening capabilities in MMF-based apparel and product development.

But easier access to imported inputs is not enough to transform Bangladesh's product mix. Moving into more sophisticated, high-value products also requires investment in

machinery, technical skills, manufacturing capabilities, and related areas. Many therefore see the policy change as removing one of the constraints to this transition.

That distinction matters. Easier access to a wider range of fabrics can give manufacturers more room to develop and scale specialised products. But turning that flexibility into a lasting competitive advantage will depend on whether the industry can build the capabilities needed to compete not just on volume, but increasingly on value.

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Developing countries' own trade barriers may hurt competitiveness: WB

Developing countries' own trade and investment barriers can undermine their manufacturing competitiveness and may have a greater impact than policies they often blame on foreign competitors such as China, according to a new World Bank Policy Research Working Paper.

The paper, titled 'The China Syndrome: A Misdiagnosis?', says restrictions on transport, logistics and other services can handicap manufacturers competing with Chinese firms. It argues that countries need to reduce trade and investment barriers while strengthening services, innovation, skills and competition to improve their ability to compete in global manufacturing.

The authors, Alessandro Barattieri and Aaditya Mattoo, also challenge explanations that attribute China's growing dominance in manufacturing exports mainly to industrial policy and exchange-rate intervention. They point instead to structural advantages including China's huge domestic market, diverse provincial production bases, economies of scale and rapid adoption of automation.

For the textile and apparel sector, the paper highlights the mixed impact of China's manufacturing presence. Access to Chinese inputs has helped countries such as Bangladesh, Cambodia and Vietnam expand downstream manufacturing and exports, while competition from Chinese manufacturers has also created difficulties for countries including India, Bangladesh, Cambodia, Malaysia and Thailand seeking to move into more advanced industries.

The paper specifically points to India's garment sector, saying exports were handicapped by the need to protect its own textile industry. It contrasts this with Bangladesh, Cambodia

and Vietnam, whose gains in apparel market share demonstrate the importance of domestic trade policies.

The authors warn that developing countries could also face a shrinking window for industrialisation if the cost of automation falls faster than wages rise in China. They argue that domestic reforms, combined with participation in global value chains, could help developing economies gain greater benefits from trade with China.

China's manufacturing strength therefore presents both opportunities and competitive pressures for developing economies, with the paper stressing that domestic policy choices will play an important role in determining how countries respond.

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