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INTERNATIONAL NEWS

Global growth to remain subdued in 2025 at 2.8% amid uncertainty: UN

Global economic growth is projected to be 2.8 per cent this year, unchanged from last year, according to the United Nations' World Economic Situation and Prospects (WESP) 2025 report released recently.

While the global economy has demonstrated resilience, withstanding a series of mutually reinforcing shocks, growth remains below the pre-pandemic average of 3.2 per cent, constrained by weak investment, sluggish productivity growth and high debt levels, the report noted.

Lower inflation and ongoing monetary easing in many economies could provide a modest boost to global economic activity this year. However, uncertainty still looms large, with risks stemming from geopolitical conflicts, rising trade tensions and elevated borrowing costs in many parts of the world, a UN release said citing the report.

These challenges are particularly acute for low-income and vulnerable countries, where sub-par and fragile growth threatens to further undermine progress towards the UN Sustainable Development Goals (SDGs).

Growth in the United States is projected to moderate from 2.8 per cent in 2024 to 1.9 per cent in 2025, as the labour market softens, and consumer spending slows.

Europe is expected to recover modestly, with gross domestic product (GDP) growth increasing from 0.9 per cent in 2024 to 1.3 per cent in 2025, supported by easing inflation and resilient labour markets, though fiscal tightening and long-term challenges such as weak productivity growth and an ageing population, continue to weigh on the economic outlook.

East Asia is forecast to grow by 4.7 per cent in 2025—driven by China's projected stable growth of 4.8 per cent—supported by robust private consumption across the region.

South Asia is expected to remain the fastest-growing region, with GDP growth projected at 5.7 per cent in 2025, led by India's robust 6.6 per cent expansion.

Growth in Africa is forecast to rise modestly from 3.4 per cent in 2024 to 3.7 per cent in 2025, thanks to recoveries in major economies including Egypt, Nigeria, and South Africa.

However, conflicts, rising debt-servicing costs, lack of employment opportunities and increasing severity of climate-change impacts weigh on Africa's outlook.

Global trade is expected to grow by 3.2 per cent in 2025 following a rebound of 3.4 per cent in 2024, driven by improved exports of manufactured goods from Asia and strong services trade. However, trade tensions, protectionist policies, and geopolitical uncertainties are significant risks to the outlook.

Global inflation is projected to decline from 4 per cent in 2024 to 3.4 per cent in 2025, providing some relief to households and businesses.

Major central banks are expected to further cut interest rates in 2025 as inflationary pressures continue to ease. While continuing to moderate, inflation in many developing countries is expected to remain above recent historical averages, with one in five projected to face double-digit levels in 2025, the UN report said.

For developing economies, easing global financial conditions could help reduce borrowing costs, but access to capital remains uneven.

Many low-income countries continue to grapple with high debt-servicing burdens and limited access to international financing, it added.

Source: fibre2fashion.com– Jan 13, 2025

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China Exports Skyrocket 10.7% in December as Trump Tariffs Near

Chinese exports reached record levels in December as companies made a mad dash to get product into the U.S. ahead of President-elect Donald Trump's return to the White House—and the expected imposition of a new slate of tariffs on goods originating in the country.

Outbound shipments during the month rose 10.7 percent year-on-year to 2.5 trillion yuan ($335.6 billion), according to China's General Administration of Customs. The numbers are a stark improvement over November's 6.7 percent annual increase, and surpass the 7.3 percent growth anticipated by a Reuters poll of economists.

According to the government agency, exports to the U.S. jumped 16 percent year over year in December alone. The aggressive increase comes as Trump's tariff proposals are still not set in stone, with the President-elect saying in November the U.S. would begin charging additional 10-percent duties on China-made goods.

For the full year, China's exports worldwide grew by 5.9 percent to 25.5 trillion yuan ($3.6 trillion).

"The double-digit rise in December exports…supports our earlier judgment that the threat of tariffs could affect export patterns in the next couple of quarters, with a potential boost in shipments before the introduction of new tariffs, followed by a drop-off," Barclays analysts said in a note.

December imports into China surprised to the upside with 1 percent growth to 1.7 trillion yuan ($231 billion), the strongest performance since July 2024. Reuters-polled economists expected a 1.5 percent decline.

With exports outpacing imports, China's trade surplus grew to $104.8 billion in December, and nearly $1 trillion for the year, at $992.2 billion.

December is anticipated to see a massive flow of cargo into U.S. seaports as retailers and brands continue to front-load ahead of the tariffs. The monthly Global Port Tracker from the National Retail Federation and maritime trade consultancy Hackett Associates projects December at 2.24 million 20-foot equivalent units (TEUs), up 19.2 percent year over year.

That report also expects a 10 percent-TEU bump in January.

With President-elect Trump's inauguration on Jan. 20, the stakes for Chinese exports are likely to be higher not just into the U.S., but into countries like Mexico, which is slapping tariffs of its own on goods like textiles. The country's new presidential administration modified its IMMEX trade program so that finished apparel goods could no longer enter Mexico tax-free.

The tensions between the U.S. and China, and the possible bumpy road in global trade that could result from it, has logistics giants like CMA CGM, DHL and Kuehne + Nagel redeploying Chinese staff across different regions of the world.

According to a report from the Financial Times, the three European third-party logistics and freight forwarding titans are transferring more Mandarin-speaking sales and customer service employees to Europe, southeast Asia and Latin America to better serve Chinese client businesses that aren't as versed in operating in the markets.

These moves come as production hubs such as Vietnam and Thailand are attracting Chinese manufacturers amid the "China plus one" diversification push that had already began permeating through U.S. supply chains in recent years.

As China awaits the presidential transition, the Biden administration reportedly concluded a months-long investigation into the country's maritime, logistics and shipbuilding practices, finding that China uses unfair policies and practices to expand these industries.

U.S. Trade Representative (USTR) Katherine Tai launched the probe in April at the request of the United Steelworkers and four other U.S. unions, who claimed that China gave its domestic shipbuilding industry unfair advantages by mandating the purchase and use of Chinese ships by Chinese state-owned shipping enterprises and state-owned oil companies.

USTR will release its findings later this week, days before President Joe Biden leaves office, said Reuters.

According to the report, the probe concluded that China used financial support and built barriers for foreign firms to help give its shipbuilding and maritime industry an advantage. Reuters said China coerced foreign businesses to share sensitive technology with Chinese firms, all while committing intellectual property theft.

China has denied any wrongdoing throughout the investigation.

Under Section 301 of the Trade Act of 1974, the U.S. can penalize foreign countries that engage in acts that are “unjustifiable” or “unreasonable,” or burden U.S. commerce. Trump used Section 301 to impose billions of dollars in tariffs of Chinese imports in his first go-around as president, after a USTR investigation found China was misappropriating U.S. intellectual property and coercing the transfer of U.S. technology to Chinese firms.

The reported completion of that probe would follow the Pentagon’s recent blacklisting of Chinese container shipping giant Cosco Shipping, which the U.S. Department of Defense now designates as a Chinese military company.

While the blacklist does not carry specific penalties, it discourages U.S. businesses and other Western companies from working with the carrier and its subsidiaries, such as Orient Overseas Container Line (OOCL).

Source: fibre2fashion.com– Jan 15, 2025

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WASDE: Global cotton production, consumption, exports projected higher

Unites States Department of Agriculture (USDA) has increased global cotton production projection by 1.75 per cent to 119.45 million bales of 480 pounds in its latest world supply and demand estimate (WASDE) report released on last Friday evening. It has also projected higher consumption, exports and ending stocks compared to the projections of December 2024. However, beginning stock and import projections were kept unchanged in its January 2025 report.

According to the World Agricultural Supply and Demand Estimates (WASDE) report of January 2025, world production for 2024-25 is increased just over 2 million bales to 119.45 million, largely the result of a 1.8- million-bale increase for China's crop. Larger crops are also projected for Australia and the United States while production in Pakistan is reduced.

World consumption projection is raised by 100,000 bales as increases in Bangladesh and Vietnam more than offset a reduction for Türkiye. Projected exports are raised 225,000 bales as increases for Brazil, Australia, and India exceed the reduction for the United States. Ending stocks are increased almost 1.9 million bales as increases in China, the United States, Australia, and India more than offset the reduction for Brazil.

For the 2024-25, US cotton balance sheet, production and ending stocks are increased while exports are reduced. Domestic use and beginning stocks are unchanged. The US all-cotton production is revised upward by 159,000 bales to 14.4 million as the national all-cotton yield estimate is raised 44 pounds to 836 pounds per harvested acre, reflecting a larger crop and lower harvested area. Most of the reduction in harvested area occurred in the Southwest while yields in numerous Southeast, Delta, and Southwest States are expected to be higher. Projected exports are lowered 300,000 bales to 11 million. Ending stocks are raised to 4.8 million bales for a stocks-to-use ratio of about 38 per cent. The 2024-25 season average upland farm price is reduced to 65 cents per pound.

Source: fibre2fashion.com– Jan 13, 2025

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US Import Rush Expected Through January Even as Port Strike Threat Ends

Although a possible second strike at the East and Gulf Coast ports was more than likely averted when union dockworkers and their employers signed a new tentative labor agreement Wednesday, U.S. importers hedged against its impacts by staying in front of it throughout the holiday season.

According to the Global Port Tracker report released by the National Retail Federation (NRF) and maritime trade consultancy Hackett Associates, the top U.S. ports handled 2.17 million 20-foot equivalent units (TEUs) in November, a 14.7 percent increase over the year prior. The data also marked a 3.2 percent decline from October, a much lighter drop than the 8.3 percent dip experienced month to month in 2023.

December is anticipated to see an even bigger annual increase, with the Global Port Tracker projecting the month at 2.24 million TEUs, up 19.2 percent year over year. That would bring 2024 to 25.6 million TEUs, up 15.2 percent from 2023.

2024's expected inbound cargo volume would slightly surpass the 25.5 million containers reeled in during the 2022 calendar year, but remain 0.8 percent below the 25.8 million-TEU record set in 2021.

The forecasts for U.S. imports were much tamer ahead of the three-day International Longshoremen's Association (ILA) strike on Oct. 1, and the November election of President-elect Donald Trump. At the time, November had been forecast at 1.91 million TEU and December at 1.88 million TEU, while the total for 2024 was forecast at 24.9 million TEU.

January is forecast at 2.16 million TEUs, up 10 percent year over year, as brands rushed product in ahead of a potential redux of an ILA strike. This number is slightly tapered from last month's expectations for January of 2.2 million TEUs, signaling a minor softening due to the new ILA contract.

"The new contract brings certainty and avoids disruptions, and we hope to see it ratified as soon as possible," said Jonathan Gold, vice president for supply chain and customs policy at the NRF, in a statement. "But the agreement came at the last minute, and retailers were already bringing in spring merchandise early to ensure that they would be well-stocked to serve their customers in case of another disruption, resulting in higher imports."

Gold also pointed to President-elect's Trump return to the oval office, and his plans to increase tariffs on countries including China, Mexico and Canada.

"Retailers want to avoid higher costs that will eventually be paid by consumers," said Gold. "The long-term impact on imports remains to be seen."

The Global Port Tracker also shared forecasts beyond January, when the uncertainties of the East and Gulf Coast labor situation are out of the picture and there's a clearer understanding of what a second Trump administration's trade policy will look like.

February's inbound cargo volume is expected to be 1.87 million TEUs, down 4.5 percent because of Lunar New Year factory shutdowns in China. March should see a 10.6 percent bump in containers to 2.13 million TEUs. The next two months are supposed to see lighter, but still healthy, increases. April is projected to come in at 2.18 million TEUs, up 8 percent, while May should see a 5.9 percent increase to 2.2 million TEUs.

The flood of imports throughout 2024 and into the new year heavily impacted China, as factories have rushed to fill orders ahead of the Trump tariffs. While exports rose 5.9 percent to 25.5 trillion yuan ($3.6 trillion) last year, they increased as much as 10.7 percent in December, according to China's General Administration of Customs.

For the time being, the cargo flurry has also impacted rates into the U.S. at a substantially stronger pace than for container volumes being transported back to Asia, or to major ports in Europe.

While the Jan. 9 Drewry World Container Index (WCI) increased just 2 percent week over week to $3,986 per 40-foot equivalent unit, the voyages from China into both Los Angeles and New York are propping the wider index up. The Shanghai-to-L.A. route saw a 13 percent bump to $5,476 per container, while the Shanghai-to-N.Y. trade lane experienced a 10 percent average price increase to $7,085 per unit.

When the data was released last Thursday, Drewry said it expected rates on the trans-Pacific trade to rise in the coming week, driven by the front-loading ahead of the anticipated tariff hikes.

Trump has previously said he will enact various tariffs on China, Mexico and Canada on the first day of his second presidency, which is set to begin on Jan. 20.

Source: sourcingjournal.com– Jan 13, 2025

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Europe' s textile recycling industry in crisis brews into an environmental threat

The once-booming European textile recycling industry is facing an unprecedented crisis, with far-reaching implications for the global fashion landscape and the environment. For years, Europe led the way in textile recycling, diverting millions of tons of used clothing from landfills and incinerators. However, recent global disruptions have severely impacted the sector, pushing it to the brink of collapse.

What went wrong?

Several factors contributed to this perfect storm for the industry.

The war in Ukraine

The conflict in Ukraine has disrupted supply chains and significantly reduced demand for used clothing in Eastern Europe, a key export market for European recyclers. This instability has compounded logistical challenges and created economic uncertainty.

Logistical challenges in Africa

African nations, once major importers of used clothing from Europe, are grappling with logistical barriers and economic downturns. These issues have led to declining demand, further squeezing the European recycling sector.

The rise of ultra-fast fashion

The increasing popularity of ultra-fast fashion has flooded the market with cheap, disposable clothing. This oversupply of low-quality garments has made recycling more challenging as such textiles are often unsuitable for reuse or upcycling.

The numbers tell the story

The decline in textile exports paints a stark picture.

Table: EU used textiles exports

Year	EU used textile exports (tons)
2022	464,993
2023	430,185

Source: EuRIC Textiles

This sharp decline, coupled with rising operational costs, has severely impacted profit margins for recycling companies. “The current crisis is unprecedented and threatens to undo years of progress in textile recycling,” says Mariska Boer, President of EuRIC Textiles. “We need urgent action to prevent a complete collapse of the sector.”

For example, Germany, one of Europe’s leading exporters of used textiles, has seen a marked drop in exports to key markets like Ghana.

Year	German used textile exports to Ghana (tons)
2020	7911.2
2023	4532.9

Source: German Federal Statistical Office

The decline underscores the challenges recyclers face in identifying viable export destinations.

The ongoing crisis has triggered a cascade of adverse effects. With declining demand and rising costs, many recycling facilities are overwhelmed by the influx of used textiles, leading to overflowing warehouses and logistical bottlenecks.

As storage capacity reaches its limit, unsold textiles are increasingly at risk of incineration. This process releases harmful pollutants, further exacerbating environmental concerns. The crisis threatens to derail Europe’s efforts to reduce textile waste and promote a circular economy. Failure to address this issue could have long-lasting environmental repercussions.

What can be done?

Industry experts and policymakers are advocating for immediate interventions to mitigate the crisis. Proposed solutions include:

Lowering VAT on recycled textiles: Reducing value-added tax on recycled textiles could improve their competitiveness against virgin materials, encouraging more widespread adoption.

Taxing petroleum-based materials: Introducing taxes on petroleum-based textiles could disincentivize the production of non-recyclable clothing, while promoting the use of sustainable alternatives.

Investing in recycling technologies: Greater funding for innovative recycling technologies can unlock new possibilities for creating high-value products from textile waste while addressing the oversupply of low-quality garments, say experts. As Emily Macintosh, a sustainable fashion advocate puts it, "Consumers have a crucial role to play in reducing textile waste. By choosing durable, high-quality clothing and supporting brands that prioritize recycling, we can all contribute to a more sustainable future."

Source: fashionatingworld.com– Jan 13, 2025

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US retailers scramble as Mexico increases tariffs on textiles, apparel

Retailers across the United States are reassessing supply chains after Mexico announced significant tariff hikes on textiles and apparel. On December 19, the Mexican government revealed protective measures imposing a 15 per cent tariff on textiles and up to 35 per cent on finished apparel imports.

These tariffs aim to shield Mexico's textile industry from low-cost Chinese goods, a critical move to support nearly 500,000 workers, according to Economy Secretary Marcelo Ebrard.

The new tariffs also challenge US e-commerce brands that have relied on Section 321's de minimis provision, which exempts customs duties on shipments valued under $800. Many companies had been routing goods from China through Mexico before shipping them to the US, a strategy now in jeopardy.

Ryan Martin, president of ITS Logistics, highlighted a significant increase in inquiries from businesses as they work to navigate the new tariffs. He noted that many companies are in the early stages of assessing their options and gathering information to determine the best path forward amidst the uncertainty.

Adding to the uncertainty, President-elect Donald Trump announced plans to impose a 25 per cent tariff on imports from Mexico and Canada and an additional 10 per cent on Chinese goods. These measures, aimed at curbing illegal immigration and drug trafficking, could further disrupt trade flows.

Source: fashionatingworld.com– Jan 15, 2025

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Heimtextil grows and starts with over 3,000 exhibitors

Heimtextil kicks off the new trade fair year with over 3,000 exhibitors from 65 countries. With steady growth, the leading trade fair for home and contract textiles and textile design is strongly positioned. This makes it a reliable platform for international participants. At the opening, architect and designer Patricia Urquiola presented her installation ‘among-us’ at Heimtextil.

With over 3,000 exhibitors from 65 countries, Heimtextil 2025 sets the course for the future of textile interior design. The most important trade fair for home and contract textiles and textile design thus presents itself stable with steady growth. This underlines the international industry's confidence in Heimtextil. As a constant partner, it opens up solutions for sustainable business success for retail, industry and the contract business – particularly relevant regarding the current market situation. Recession, energy prices and regulations present companies with challenges which require innovative and future-orientated approaches.

“The steady growth and the very high level of internationality confirm the strength of Heimtextil. As leading international trade fair for home and contract textiles and textile design, it is an indispensable partner for the global industry – this is more important today than ever before. Especially in challenging times, Heimtextil offers companies the opportunity to strengthen their market position: through international visibility, the identification and realisation of potential and the development of new global business partners”, says Detlef Braun, member of the executive board of Messe Frankfurt.

Installation by Patricia Urquiola: design concepts for retail and hospitality

At the Heimtextil opening press conference, star designer and architect Patricia Urquiola presented her design installation ‘among-us’ in Hall 12.0. The area contains products made specially for Heimtextil. For example, a hanging carpet created by the traditional dhurrie technique. Patricia Urquiola developed the unique pieces together with partners such as Kettal, Moroso, cc-tapis, Aquafil and Cimento. Embedded in the installation, they show retail and hospitality the possibilities opened up by the textile design of tomorrow. Patricia Urquiola emphasises holistically designed rooms and objects, living areas that merge seamlessly as well as materiality and versatility.

"'among-us' is a convivial and intuitive textile installation that shows the evolving possibilities of textiles, exploring their hybrid potentials across various scales – from product design to one/off pieces. The title, among-us, refers to the concept of being together and reflects the intent of the installation to celebrate hybrid new relations", explains Patricia Urquiola.

In 'among-us', physical and virtual worlds merge through a grid on the floor inspired by drafting software. At the centre are textile elements in abstract and organic forms such as a sofa or an upholstered sculpture. They demonstrate the interplay of materials and technologies. Screens show their virtual counterparts and encourage interaction. At the same time, 'among-us' shows how textile innovations influence design processes. Textiles combine functionality, aesthetics and sustainability and create unique possibilities. The installation also shows how traditional craftsmanship can be integrated into the design of spaces and products.

Heimtextil 2025: trends, design inspiration and global market overview

Visitors to the leading trade fair for home and contract textiles find a globally unique range of products on 16 hall levels. This spans from wallpapers, upholstery fabrics, mattresses and sleep systems, towelling products, textile designs, fibres and yarns to carpets. The Carpets & Rugs area counts three times as many exhibitors in 2025 and is growing by several hall levels. Heimtextil is the home of the global carpet industry. The Heimtextil Trends 25/26, curated for the first time by the Milan-based design platform Alcova, offer inspiration and sustainable solutions. In the Trend Arena in Hall 3.0, they are spectacularly staged. They are looking at material qualities, colours and innovative production processes.

The content programme covers the most important industry topics. It addresses different visitor groups – from retailers, wholesalers, industry, designers, furniture and bedding shops, interior architects, interior designers, architects, contract furnishers and many other decision-makers. At the Retail Stage in Hall 12.1, topics ranging from sleep and sustainability to AI in retail and optimising the customer experience are being highlighted. The Texpertise Stage in Hall 4.0 focuses on materials for contract furnishings, trends in hotel design, carpets and the Heimtextil Trends 25/26.

Heimtextil takes place from 14 to 17 January 2025.

Source: fibre2fashion.com– Jan 15, 2025

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South Africa's textiles imports rise 10.3% in Jan-Nov 2024

South Africa's imports of textiles and textile articles (under chapters 50-63) totalled 60,803.6 million rand (~$3,174.23 million) between January and November 2024, according to preliminary data released by the South African Revenue Service in its November 2024 report. This marks a 10.3 per cent increase compared to the same period last year. The trade figures include the trade with BELN (Botswana, Eswatini, Lesotho and Namibia) countries.

Official merchandise trade statistics reveal that during the same period in 2023, the country imported textiles and textile articles worth 55,127.7 million rand. South Africa continues to be a net importer in this product segment.

Exports of textiles and related products edged up by 2.6 per cent, amounting to 21,701.2 million rand (~$1,132.90 million) in the first eleven months of 2024, compared to 21,159.6 million rand during the corresponding period in 2023.

In November 2024, South Africa's textile and textile article imports under the chapters 50 to 63 stood at 5,478.2 million rand (~$285.98 million), reflecting a 21.7 per cent decrease over the imports of 6,999.1 million rand in the previous month, October 2024.

The country's exports under the same chapters eased by 10.1 per cent to 2,556.2 million rand (~$133.44 million) in November 2024, up from 2,321.2 million rand in October 2024.

Although South Africa's imports of textile products declined but exports surged in the latest month November 2024, its both sides trade has noticed upward trend in the first eleven months of year 2024.

Source: fibre2fashion.com– Jan 15, 2025

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UK, Vietnam agree to step up measures to ramp up economic cooperation

Vietnamese ambassador to the United Kingdom Do Minh Hung and the latter's minister of state for business and trade Douglas Alexander recently met in London and identified trade and investment cooperation as an important pillar of their strategic partnership. They agreed to step up measures to ramp up economic cooperation.

The two sides agreed to speed up the implementation of bilateral cooperation mechanisms, particularly the Joint Economic and Trade Committee (JETCO) and closely coordinate to realise the UK-Vietnam Free Trade Agreement (UKVFTA).

Both sides agreed to capitalise on the opportunities offered by the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) to promote bilateral trade and investment and among CPTPP member nations, contributing to regional economic integration, a Vietnamese news agency reported.

They reaffirmed their commitment to advancing energy transition collaboration within the framework of the Just Energy Transition Partnership (JETP).

The United Kingdom promised to support Vietnam in setting up an international financial centre in Ho Chi Minh City.

Source: fibre2fashion.com– Jan 15, 2025

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Bangladesh's Container Shipping Association Warns of Looming Rail Cargo Congestion

An imbalance in railroad capacity in Bangladesh may pose a problem for cargo transportation throughout the country in the coming months as a current pileup could roll into Ramadan and Eid al-Fitr in March.

Ramadan typically results in a countrywide reduction in working hours that transpires until after Eid, which concludes March 30.

According to a report from supply chain publication The Loadstar, rail cargo movements could be halted for up to a week once Eid happens, as rail operators prioritize passenger services during the daylong religious holiday.

This could result in as many as 3,000 20-foot equivalent units (TEUs) of imports idling at Chattogram Port's inland container depot by the end of April.

Fayyaz Khundker, chair of Bangladesh's Container Shipping Association (BCSA), said that on Monday there were already 1,287 TEUs of Dhaka-bound cargo at the container depot, which has a listed maximum capacity of 876 TEUs.

"Unless any proactive measures are taken immediately, a catastrophic situation may occur in the coming months," said Khundker. "Only six to seven months ago, there was a backlog of 60 days for boxes destined for Dhaka from Chittagong by train."

Bangladesh Railway is currently operating just one service a day due to ongoing shortages of boxcars, engines and manpower. The Loadstar report says the operator would need to quadruple this if it is to clear the backlog, or risk huge bottlenecks at both Chattogram and Dhaka.

According to a December estimate listed by Indian business newspaper The Financial Express, the railway needs about 3,000 coaches and approximately 500 engines to run uninterrupted train service on all its routes. But currently, it has only 1,788 coaches and 295 operational engines.

On Wednesday, the BCSA expects to urge the railway and Chattogram Port Authority to take proactive measures as soon as possible.

The rail congestion concerns come just weeks after Bangladesh's largest railway project officially opened its entire line to traffic. Conceived as part of China's Belt and Road Initiative, the Padma Bridge Rail Link Project stretches 170 kilometers (105.6 miles) and reduces a railroad trip between Dhaka and southwestern city Jashore from an original 10 hours to just three hours.

According to Md. Fahimul Islam, secretary of the Ministry of Railways, the railroad would boost regional trade and social development by connecting southwestern Bangladesh to Dhaka. The project is anticipated to increase Bangladesh's economic growth by 1.5 percent.

Bangladesh's logistics sector already dealt with plenty of distractions throughout 2024 as political unrest pervaded throughout the country. Nationwide protests over the summer that resulted in the ouster of Prime Minister Sheikh Hasina also forced Chattogram Port to shutter for six days.

When the seaport closed, cargo congestion built up at its container yard, while ships in the area endured weeklong berthing delays. In the months after, the port and its surrounding infrastructure also dealt with more congestion due to a major flood in August, a software glitch in September and a truck driver strike in October.

The unrest also served as a backdrop for a shift in where American apparel companies were sourcing their garments.

Bangladesh's garment exports to the U.S. fell by 0.46 percent to $6.7 billion between January and November last year, according to data from the U.S. Office of Textiles and Apparel (OTEXA). Neighboring India appeared to be a beneficiary of the decline, with its own U.S.-bound apparel exports rising 4.25 percent to $4.4 billion in that same time frame.

The shift is a contributor to Vietnam's recent surpassing of Bangladesh as the world's second largest exporter of garments after China. In total, Vietnam was scheduled to generate $44 billion in apparel export revenue in 2024, surpassing Bangladesh's target of $40.5 billion.

A Reuters report further suggested that Vietnam and India benefited from a shift in consumer preferences at the expense of Bangladesh. Shahidullah Azim, a Dhaka-based factory owner whose clients include North American and European retailers, told the publication some American buyers have shifted their orders to India and Vietnam.

Source: sourcingjournal.com– Jan 14, 2025

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NATIONAL NEWS

India finalising FTAs after extensive stakeholder consultations: Piyush Goyal

Commerce and Industry Minister Piyush Goyal said on Tuesday that India is finalising free trade agreements (FTAs) only after extensive consultations with all the concerned stakeholders.

He said that unlike in the past, these pacts are now fair, equitable and balanced.

"We are not doing FTAs like in the past. Every agreement is after extensive stakeholder consultation," he said at the Thuglak Annual Meet in Chennai.

Citing the agreement with the four-European nation bloc EFTA, he said that for the first time in the history of FTAs, India has received a commitment of USD 100 billion FDI (foreign direct investment) in this pact.

The Modi government has implemented these pacts with countries like Australia and the UAE.

He also said India's decision to opt out of RCEP (Regional Comprehensive Partnership Agreement) demonstrates its commitment to safeguarding national interests.

"It was not in the interest of MSMEs, and it would have opened a floodgate for Chinese goods into the country. Therefore, we refused to join RCEP," he added.

Talking about exports, he said the country's goods and services exports touched USD 778 billion in 2023-24, and this year, it is expected to cross USD 800 billion.

"We will maintain our CAD (current account deficit) at still around one per cent of GDP, which is a reasonable level to maintain," he said.

He added that the government has rolled out a series of software measures to boost domestic manufacturing, and today, India is the second largest mobile maker in the world.

Foxconn in Chennai, he said, is exporting smartphones in good numbers.

Further, Goyal said that under the leadership of Prime Minister Narendra Modi, during the last 10 years, 10 foundational principles of governance have been the pillar of this decade of unprecedented transformation.

These include decisive leadership, root cause analysis, outcome-oriented action, rule of law and transparency, time-bound execution, prioritisation of issues, accountability and monitoring, adoption of technology, innovative financing and partnership with all stakeholders, he said.

While listing out the various achievements of the government, Goyal also acknowledges the challenges ahead.

"While we are building inclusive growth, we must confront the evolving realities of a world that tests our unity, security, and aspirations. Our progress faces opposition from those seeking to undermine our hard-earned gains. Yet, the same resilience that has powered India's ascent will guide us through these obstacles," he said.

Source: thehindubusinessline.com– Jan 14, 2025

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UK and India relaunch FTA talks to strengthen bilateral trade relations

The UK government on Tuesday told Parliament that the Free Trade Agreement (FTA) talks with India have been relaunched to deliver a joint ambition of taking the bilateral relationship to "even greater heights".

During a debate on UK economic growth in the House of Commons, British Indian Labour MP Jeevun Sandher asked Foreign Secretary David Lammy about the steps being taken to get a "good UK-India trade deal over the line".

Describing 2025 as an "exciting year" for the UK's trading relationship with India, the co-chair of the India All Party Parliamentary Group (APPG) flagged the "exchange of green technologies to help prevent and reduce the warming of our planet" among the areas of focus.

"We are two nations with an intertwined history and common democratic ideals and we face the risks of a dangerous world and a warming planet," said Sandher, a first-time member of Parliament from Loughborough, in the East Midlands region of England.

In response, Lammy pointed to his India visit within weeks of the Labour government being elected in July last year and British Prime Minister Keir Starmer hosting a roundtable with Indian business leaders at 10 Downing Street last month.

"We have relaunched the Free Trade Agreement (FTA) — we have said that it is a floor, not a ceiling on our ambition — and it was important that a delegation of Indian businessmen met the chancellor of the exchequer, me and the prime minister [Keir Starmer] just a few weeks before Christmas," said Lammy.

The UK foreign secretary reiterated his own Indian connection with a "great-grandmother on my mother's side, who was from Calcutta" and went on to reveal that he plans to invite his Indian counterpart, External Affairs Minister S Jaishankar, to the UK in the coming spring months.

"The UK and India's prime ministers have committed to an ambitious refresh of the Comprehensive Strategic Partnership. They announced that the UK-India trade talks will relaunch, which will deliver our joint ambition to take the UK-India relationship to even greater heights, and India is one of a handful of countries that will determine whether we meet the global warming limit of 1.5 degrees Celsius," said the senior UK Cabinet minister, referencing the meeting between Starmer and Prime Minister Narendra Modi on the sidelines of the G20 Summit in Brazil last November.

According to the official UK Department for Business and Trade (DBT) statistics, the total trade in goods and services between the UK and India was GBP 42 billion in the four quarters to the end of 2024.

This is expected to be significantly enhanced with an FTA, negotiations for which began in January 2022 before being paused in the fourteenth round for general elections in both countries in 2024. The FTA talks are expected to resume later this month.

Source: thehindubusinessline.com– Jan 14, 2025

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India-EU FTA negotiations a tough nut to crack as key issues unresolved

Despite nine intense rounds of negotiations over two-and-a-half years, progress on the proposed free trade agreement (FTA) negotiations between India and the European Union (EU) is now on a slow track over fundamental differences.

An assessment of the negotiations is now pending at the 'political' level, with recent statements by top government officials from both sides making their intentions clear.

A few months ago, the EU Ambassador to India Hervé Delphin suggested recalibration on both sides in order to seal the deal. Similarly, Commerce and Industry Minister Piyush Goyal, at the same public forum, pointed out that 'extraneous elements' are hurting the interests of both trade and business, thereby slowing down the FTA talks.

One of the key reasons for the delay is the divergent aspirations of both sides, according to a Delhi-based think tank Global Trade Research Initiative (GTRI) report.

"The EU seeks tariff elimination on over 95 per cent of its exports, including sensitive agricultural products and automobiles, while India is comfortable opening up only around 90 per cent of its market and is hesitant to lower tariffs on bulk agricultural products," GTRI said.

India-EU Trade

At $75.9 billion, the EU accounted for 17.4 per cent of India's overall goods exports during the financial year 2023-24, while imports stood at $61.5 billion during the same time period, with a 9 per cent share. The trade bloc is also India's largest trading partner in terms of goods.

Finalising a trade agreement is expected to give fresh impetus to the relationship between India and the EU amid rapid changes in the geopolitical scenario - be it the exit of the United Kingdom from the EU bloc or the diversification of supply chain from China, and now a new US administration set to take charge next week.

Divergent local interests

Besides, differing views on new issues such as sustainability, labour standards, intellectual property rights (IPR), and data protection have added complexities to the talks, it said.

To be sure, this is not the first time that India-EU FTA talks are facing a roadblock, despite both sides being desirous of finalising the deal. India-EU broad-based bilateral trade and investment agreement (BTIA) was first mooted 18 years ago; however, after 15 rounds of discussions, negotiations stalled in 2013.

At the time, the impasse was attributed mainly to an inability to bridge differences on crucial issues, including India's demand for a more liberal visa regime for skilled professionals, and a lack of willingness to negotiate government procurement issues. On the other hand, the trade bloc vehemently pushed for stricter IPR, and bargained for greater market access and massive import duty cuts on automobile and alcoholic beverages, mainly wine.

There were some attempts to restart talks after the 2014 general elections in India, but investment treaty-related disagreement turned out to be a major hurdle.

An EU official told Business Standard that the next round of FTA talks is slated for the week of March 10, 2025, in Brussels. The last round, the ninth in the series was held in New Delhi on September 23-27, 2024.

"Both sides also continue to engage between the rounds at all levels, including the ministerial level, in order to address difficult issues and make progress towards a balanced, ambitious, comprehensive and mutually beneficial trade agreement." the official said, on condition of anonymity because negotiations are ongoing.

Contentious issues

Commerce Department officials said one of the major hurdles towards the talks has been the EU trade bloc's stance on sustainable development since it is set to implement regulations such as carbon border adjustment mechanism (CBAM), deforestation regulation law, and supply chain law.

They said that India’s gain could be limited because these regulations will eventually become a non-trade barrier and hurt Indian exports, at a time when both sides are trying to finalise an FTA.

New Delhi is pushing for a ‘transition period’ before adhering to these regulations, because it believes that it is crucial to keep in mind that countries should be given responsibility according to their growth potential, in line with the United Nations (UN) principle of common but differentiated responsibility and respective capabilities (CBDR-RC).

Biswajit Dhar, a distinguished professor at the Council for Social Development, said that there are behind the border measures such as EU’s labour and environment standards, which could be a sticking point going ahead. There could also be pressure on India to strengthen intellectual property law, especially related to patents.

Another major problem is India’s investor-state dispute settlement clause under the model Bilateral Investment Treaty (BIT), according to Dhar. Under the exhaustion of local remedies clause under the model BIT, an investor can go for international arbitration only after exhausting all local legal channels. Investors believe that such a clause makes the dispute resolution process longer. “How India will deal with the issue or will change our stance is something yet to be seen,” Dhar added.

According to Pradeep S Mehta, secretary general of the Jaipur-based Consumer Unity & Trust Society (CUTS International), even as both sides now have a better understanding of respective interests and sensitivities, positions remain far apart, particularly on product specific rules of origin, technical barriers to trade, and government procurement market access.

“There has been a lot of discussion on the EU's non-trade demands, including trade and sustainable development, but the EU's core market access demands are also very ambitious. What the EU desires as commercially meaningful commitments from India will translate into undertaking substantial liberalisation,” Mehta said.

Mehta also pointed out that there is a change at the helm on the EU side in the form of a new trade

Source: business-standard.com – Jan 14, 2025

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Departments of commerce, revenue, BCAS formulating SOP for e-commerce export hubs

The departments of commerce and revenue, along with the Bureau of Civil Aviation Security (BCAS), are working on formulating a standard operating procedure (SOP) to enable the operationalisation of e-commerce export hubs in the country, an official said. The commerce ministry has already approved five applications of DHL, Lexship, goGlocal, logistics aggregator Shiprocket, and air cargo handling company Cargo Service Centre to set up these hubs, the government official said.

While DHL has been assigned Bengaluru, goGlocal's hub will come up in Mumbai. Shiprocket and Cargo Service Centre's hubs will come up in and around Delhi airport. "Department of Revenue, BCAS and Department and Commerce are working on issues like earmarking of space, what all facilitation these hubs will require, and how to do security clearances of goods. On all these issues, they are preparing an SOP. Once that is finalised, they will start operations," the official said.

The hubs will have facilities for expedited customs and security clearance in-house. Provision for quality and certifying agencies will also happen within the hub. It will also have an easy re-import policy to enable the return of ecommerce consignments and rejects without payment of import duty. The move assumes significance as India is looking to tap into the growing export opportunities in this segment.

E-commerce exports have the potential to grow to over USD 100 billion by 2030 and then further to USD 200-250 billion in the coming years. As per the estimates, global ecommerce exports are expected to touch USD 2 trillion in 2030 from USD 800 billion now. India's exports through this medium are only about USD 5 billion compared to China's USD 250 billion annually.

China, which is a leader in ecommerce exports, is also a pioneer in export hubs for ecommerce. China's exports through this route are 6.4 per cent of its total merchandise exports in 2023. In the Foreign Trade Policy of 2023, the intent and road map for setting up e-commerce export hubs were outlined.

Source: economictimes.com– Jan 14, 2025

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Budget 2025: Commerce Min may seek 5-year extension of interest equalisation scheme for exporters

Budget expectations 2025: The commerce ministry is likely to seek further extension of the interest equalisation scheme in the forthcoming Budget on pre- and post-shipment rupee export credit for another five years to promote the country's outbound shipments, an official said. The scheme ended on December 31 last year.

The scheme helps exporters from identified sectors and all MSME manufacturer exporters to avail of rupee export credit at competitive rates at a time when the global economy is facing headwinds. Exporters get subsidies under the Interest Equalisation Scheme for pre- and post-shipment rupee export credit.

"The ministry may request for the extension of the scheme," the official said.

The scheme was started on April 1, 2015, and was initially valid for five years up to March 31, 2020. It has been continued thereafter, including a one-year extension during COVID-19, and with further extensions and fund allocations.

In September last year, the government extended the scheme till December 31, 2024.

Earlier, the scheme provided an interest equalisation benefit at the rate of 2 per cent on pre- and post-shipment rupee export credit to merchant and manufacturer exporters of 410 identified tariff lines (or product categories) at 4-digit level and 3 per cent to all MSME manufacturer exporters. These sectors include handicrafts, leather, certain fabrics, carpets and readymade garments.

Benefits to individual exporters were capped at Rs 50 lakh crore per annum per IEC (Import Export Code).

The scheme was implemented by the RBI through various public and non-public sector banks that provide pre- and post-shipment credit to the exporters.

It is jointly monitored by the Directorate General of Foreign Trade (DGFT) and RBI through a consultative mechanism.

From April 2023 to November 30, 2024, the government disbursed Rs 2,641.28 crore against the allocated budget of Rs 2,932 crore under the scheme. Rs 3,118 crore was disbursed in 2022-23 and Rs 3,488 crore in 2021-22.

Exporters too are demanding extension of the scheme saying it is helping them in the current turbulent times.

Federation of Indian Export Organisation (FIEO) President Ashwani Kumar said the support measures under the scheme help in increasing the competitiveness of Indian exporters in the international markets.

"In China, the rate of interest is 2-3 per cent and that helps their exporters immensely. The government should positively consider extending the scheme," Kumar said.

Source: economictimes.com – Jan 14, 2025

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DGFT updates export policy for every product to promote ease of doing business

The Commerce Ministry's arm DGFT on Monday updated the export policy for all products, specifying detailed conditions for each item to enhance the ease of doing business in the country. Earlier specific policy conditions were only outlined for goods which were subject to certain restrictions or fell under some norms.

"Schedule-II (Export Policy)' in sync with Finance Act 2024 dated August 16, 2024, has been notified," the directorate general of foreign trade (DGFT) said in a notification.

The updated schedule contains the current export policy of all ITC (HS) codes, along with specific policy conditions (if any) to be fulfilled, it added.

An official said this would help in knowing policy conditions for all the products.

In international trade parlance, every product is categorised under the Indian Trade Classification (Harmonised System) - ITC (HS). It helps in the systematic classification of goods across the globe.

Source: economictimes.com – Jan 13, 2025

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Govt likely to incentivise textiles in Budget as crisis hits B'desh exports

India aims to boost its textile and garments industry in next month's budget with financial support, tariff cuts on key inputs and incentives to produce locally, two government sources said.

An ongoing political crisis in neighbouring Bangladesh has prompted global retailers to explore alternatives, including India, for garment imports, exporters told Reuters.

"Indian exporters are finding it difficult to meet the rush of export orders in last few months as many US companies are looking for alternative suppliers," said Mithileshwar Thakur, secretary general at India's Apparel Export Promotion Council.

India's textile sector employs an estimated 45 million people and the government is considering increasing the textile ministry's budget allocation for 2025/26 by 10 per cent-15 per cent, from the current Rs 4,417 crore ($511 million), said a government source privy to discussions.

The government may also raise the allocation for production-linked incentives for the textile sector to around Rs 60 crore from Rs 45 crore for the current fiscal year, the source said.

Under this scheme, the government offers tax incentives and other concessions to companies choosing to manufacture locally.

Tariff cuts on raw materials such as polyester and viscose staple fibre, along with textile machinery, are also under consideration, a second government source said.

Import tariffs are currently in the range of 11 per cent-27 per cent on fibre, compared to almost nil duties in Bangladesh, impacting Indian garment exporters.

The sources requested anonymity as they are not authorised to speak to the media about discussions on India's annual budget, which is due to be announced on Feb. 1.

India's finance, commerce, and textile ministries did not respond to emails seeking comments.

BANGLADESH CRISIS

Bangladesh's garment exports to the US fell by 0.46 per cent to $6.7 billion between January and November last year, while India's exports rose 4.25 per cent to $4.4 billion, data from the US Office of Textiles and Apparel showed.

Shahidullah Azim, a Dhaka-based factory owner whose clients include North American and European retailers, told Reuters that some American buyers have shifted their orders to India and Vietnam, due to ongoing crisis in Bangladesh.

In the first eight months of the fiscal year through November, India's textile and garment exports rose by more than 7 per cent year-on-year to over $23 billion, compared to just 2 per cent growth in total goods exports.

Readymade garment exports grew by more than 11 per cent year-on-year, to near $10 billion during the same period, and are expected to cross $16 billion by March end, said Thakur at India's Apparel Export Promotion Council.

Source: business-standard.com– Jan 14, 2025

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North India cotton yarn faces slow demand, prices remain stable

North India's cotton yarn market continued to experience sluggish demand due to slow exports and significant fabric imports into the country. Cotton yarn prices remained stable in key markets like Delhi and Ludhiana. Market sources noted that both markets are grappling with weak demand from the consumer industry and export markets.

The disparity in cotton yarn prices is a major disadvantage for exports. Additionally, domestic cotton yarn is under pressure due to heavy fabric imports from other countries. Despite rising prices for cotton and seed cotton (kapas), cotton yarn prices have remained steady. The market dynamics currently favour price increases in raw materials.

Panipat's recycled yarn market also experienced muted demand. Prices for recycled yarn, cotton comber, and recycled polyester fibre hovered near previous levels without significant movement.

The Ludhiana market is experiencing a surge in imported fabric, which has dampened local demand to some extent. However, mills are striving to maintain yarn prices despite higher production costs due to the rising cost of natural fibre.

A trader from the Ludhiana market told Fibre2Fashion, "There has been no improvement in market sentiment. Mills are not overly concerned about the local market, as it is under conflicting pressures. They are attempting to hold cotton yarn prices at current levels, but the influx of imported fabric remains a major concern for the industry."

In Ludhiana, 30 count cotton combed yarn was sold at ₹257-267 (approximately $2.97-3.08) per kg (inclusive of GST); 20 and 25 count combed yarn were traded at ₹247-257 (approximately $2.85-2.97) per kg and ₹252-262 (approximately $2.91-3.03) per kg, respectively; and carded yarn of 30 count was noted at 237-242 (approximately $2.74-2.79) per kg today, according to trade sources.

The Delhi market also observed stability in cotton yarn prices. According to market sources, buyers are refraining from making fresh purchases and are adopting a cautious approach in the current market scenario. The steady demand for cotton yarn has contributed to the stability in prices.

In this market, 30 count combed knitting yarn was traded at ₹260-262 (approximately $3.00-3.03) per kg (GST extra), 40 count combed at ₹282-290 (approximately $3.26-3.35) per kg, 30 count carded at ₹237-239 (approximately $2.74-2.76) per kg, and 40 count carded at ₹262-265 (approximately $3.03-3.06) per kg today.

Recycled yarn prices remained stable in Panipat, India's home textile hub. A trader from Panipat noted that the downstream industry is experiencing slow demand for finished products during the off-peak season. Additionally, heavy production capacity has contributed to weak demand for recycled yarn. However, mills and stockists are refraining from reducing prices.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹78-82 (approximately $0.90-0.95) per kg (GST paid). Other varieties and counts were noted as: 10s recycled PC yarn (Black) at ₹53-56 (approximately $0.61-0.65) per kg, 20s recycled PC yarn (Grey) at ₹96-102 (approximately 1.11-1.18) per kg and 30s recycled PC yarn (Grey) at ₹130-135 (approximately $1.50-1.56) per kg. Cotton comber prices were noted at ₹102-108 (approximately $1.18-1.25) per kg. The price of recycled polyester fibre (PET bottle fibre) was noted at ₹79-81 (approximately $0.91-0.94) per kg today.

In North India, cotton prices continued their gradual upward trend as seed cotton (kapas) prices rose, driven by an increase in cotton seed prices. Over the last couple of days, prices rose by ₹10 per maund (37.2 kg). Traders reported that the continuous rise in cotton seed prices is supporting seed cotton prices, bolstered further by heavy procurement by the Cotton Corporation of India (CCI). The CCI has already procured around 64-65 lakh bales (170 kg each) during the current season, with plans to return them to the market only after the peak arrival season.

Meanwhile, cotton demand from spinning mills and the downstream industry remains weak. Cotton arrivals in Punjab declined due to the Lohri festival but remained stable in other parts of the country.

North India's cotton arrival was 10,800 bales of 170 kg, comprising 300 bales in Punjab, 3,000 bales in Haryana, 4,000 bales in upper Rajasthan and 3,500 bales in lower Rajasthan. Cotton prices in Punjab ranged from ₹5,570 to ₹5,580 (approximately $64.32-64.43) per maund of 37.2 kg, while in Haryana, prices ranged from ₹5,560 to ₹5,580 (approximately $64.20-64.43). In upper Rajasthan, cotton was priced between ₹5,570-

₹5,590 (approximately $64.32-64.55) per maund. In lower Rajasthan, it was priced at ₹53,200 to ₹54,200 (approximately $614.33-627.03) per candy of 356 kg. While seed cotton was priced as ₹7,200-7,650 (approximately $82.68-87.34) per quintal of 100 kg.

Source: fibre2fashion.com– Jan 13, 2025

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