IBTEX No. 17 of 2025 January 23, 2025

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USD	EUR	GBP	JPY
86.42	89.96	106.44	0.55

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INTERNATIONAL NEWS

President Trump sparks fashion industry revolution with bold new policies

In a landmark presidential address, President Trump unveiled a sweeping set of policy initiatives aimed at revitalizing the American fashion, apparel, and textile industries. The announcements sent shockwaves through the sector, promising significant changes to manufacturing, sustainability, and labor practices. "For too long, the American fashion industry has been outsourced and undervalued," the President declared. "Today, we begin a new chapter, one where American creativity and craftsmanship lead the world once again."

Policy announcements

‘Made in America’ tax incentives: A significant tax credit will be offered to companies that manufacture clothing and textiles within the US. This aims to incentivize reshoring and boost domestic production.

Sustainable fashion fund: A $1 billion fund will be established to support research and development in sustainable materials and manufacturing processes. This initiative aims to reduce the environmental impact of the fashion industry and promote circularity.

Fair labor standards: New legislation will be introduced to strengthen labor protections for garment workers, including a national minimum wage for the industry and stricter regulations on working conditions.

Skills development and apprenticeship programs: Federal funding will be allocated to support training and apprenticeship programs for aspiring designers, pattern makers, and textile workers. This aims to address the skills gap and create new job opportunities in the sector.

Import tariffs: The President announced plans to impose tariffs on imported textiles and apparel from specific countries, citing concerns over unfair trade practices and environmental standards. This move is expected to significantly impact the cost of imported goods and potentially reshape global supply chains.

Industry reactions

The President's announcements have been met with a mix of excitement and apprehension. "This is a game-changer," says Anna Wintour, Editor-in-Chief of Vogue. "These policies have the potential to revitalize American fashion and make it a global leader in sustainability and ethical production." For example, The Renewal Workshop that specializes in apparel repair and upcycling, stands to benefit significantly from the Sustainable Fashion Fund. "This funding will allow us to scale our operations and create a more circular model for the fashion industry," says Nicole Bassett, Co-Founder of The Renewal Workshop.

The US apparel market is a significant economic sector, valued at approximately $358.70 billion in 2024, with projections to grow at a compound annual growth rate (CAGR) of 2.11 per cent between 2024 and 2028. Despite this growth, the industry faces challenges, as over 97 per cent of apparel sold in the US is imported, highlighting a reliance on global supply chains.

Concern about tariffs and its implications

Meanwhile, some industry leaders have expressed concerns about the potential impact on costs and competitiveness. "We applaud the President's commitment to sustainability and fair labor practices," says Bob Bland, CEO of the American Apparel & Footwear Association. "However, we need to ensure that these policies don't inadvertently harm American businesses or make them less competitive in the global market."

Of course, the proposed tariffs have sent ripples of concern through the industry. While intended to boost domestic manufacturing, they could also lead to increased costs for consumers as tariffs will likely translate to higher prices for clothing and textiles, impacting consumers and potentially dampening demand.

What’s more, companies heavily reliant on imports may face challenges in sourcing materials and finished goods, leading to potential delays and disruptions. And trading partners could retaliate with their own tariffs on American goods, potentially harming other sectors of the economy.

For example, Everlane the clothing retailer, known for its transparent pricing and ethical sourcing, could face challenges due to the tariffs. "We are committed to providing our customers with high-quality, ethically made clothing at affordable prices," says a spokesperson for Everlane. "We are closely monitoring the situation and exploring all options to mitigate the impact of tariffs on our business."

Similarly, Patagonia the outdoor apparel company, renowned for its commitment to sustainability, has long advocated for responsible trade practices. "We believe that trade should be fair and sustainable," says a Patagonia representative. "We are hopeful that these tariffs will encourage a more responsible and equitable global trade system."

Political and cultural shifts

The return of President Trump to the White House has also influenced fashion trends, with a resurgence of 'Republican chic' styles. This aesthetic emphasizes traditional, feminine ensembles and polished, high-maintenance looks, marking a departure from previous Democratic fashion trends.

The point is that President Trump's ambitious vision for America's fashion industry promises significant change. Yet, the introduction of tariffs introduces complexity and uncertainty, potentially affecting prices and supply chains. The coming months will be critical in assessing how these policies shape the industry's future, impacting stakeholders from manufacturers to consumers on a global scale.

Source: fashionatingworld.com– Jan 22, 2025

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Leaders Say EU Will Respond in a 'Proportionate Way' to Trump Tariff Threats

President Donald Trump is once again threatening the European Union with new duties—and European leaders are vowing to retaliate.

Following comments about imposing 10-percent duties on China and 25-percent tariffs on Mexico and Canada on Tuesday, Trump appeared to tap into a campaign refrain regarding a universal baseline tariff that could impact trading partners across the globe.

"The European Union is very, very bad to us," he told reporters. "So they're going to be in for tariffs. It's the only way…you're going to get fairness," he added.

Trump's ire stems from trade deficits with European countries, which he said export far more goods to the U.S. than they take in. According to data from the European Commission, EU countries exported about $522 billion worth of products to the U.S. in 2023, but imported only about $354 billion in American goods.

The president did not specify the scope or percentage of the duties he plans to implement, or when they might take effect.

EU economy commissioner Valdis Dombrovskis told CNBC on the sidelines of the World Economic Forum in Davos, Switzerland on Tuesday that the trade bloc is prepared to respond in kind if tariffs are imposed.

"If there is a need to defend our economic interests, we will be responding in a proportionate way," he said. "We're ready to defend our values and also our interests and rights if that becomes necessary."

Dombrovskis said EU officials have been working with American counterparts to drum up a solution that would allow for a diffusion of trade tensions. He said economies across the world could face consequences due to a falling out between the U.S. and Europe.

"It's important to maintain this trade and investment relationship because global economic fragmentation would set in, and there is a real risk of this happening, and the IMF estimates that it would mean a reduction of the world GDP by up to 7 percent," he said.

While she didn't call out the president's threat explicitly, EU Commission President Ursula von der Leyen on Tuesday seemed to call for a measured approach to future trade negotiations.

"Exchanges between [the U.S. and the EU] account for 30 percent of global trade. A lot is at stake for both sides," she tweeted from Davos. "Our priority will be to engage early, discuss common interests, and be ready to negotiate. We will be pragmatic, but we will always stand by our principles and values. It is the European way."

While Trump's bombastic rhetoric continues to stir the pot with world leaders, critics and supporters alike noted that he has refrained from taking any concrete steps to impose duties or trade sanctions during his first week in office as he promised on the campaign trail.

Instead, one of Trump's first executive orders called for the Departments of State, Treasury, Defense, Commerce, Homeland Security, the Office of the U.S. Trade Representative and other government agencies to assess the country's current trade policies and relationships to inform a forward-looking strategy. The reporting is due on April 1.

"The President's executive order on trade establishes a thoughtful approach to a new trade agenda, laying out a tight timeline for studies and recommendations for action," Josh Teitelbaum, senior counsel for international trade policy at Washington, D.C. law firm Akin-Gump, told Sourcing Journal.

"The President himself, on the other hand, has been more eager to threaten tariffs on Mexico, Canada, and China," he added. "These threats—whether to stem the flow of migrants or fentanyl—seem intended to achieve some non-trade goal and therefore may be more temporary than tariffs intended to address unfair trade practices or persistent trade deficits," like the ones he's proposed for EU countries.

"Either way, it's still clear that the President wants higher tariffs and we know who his top targets are, even if the justifications evolve," Teitelbaum opined. "Immigration, fentanyl, the dollar as a reserve currency, even the dispute between Russia and Ukraine—Trump has threatened tariffs to create leverage for all of them."

The lawyer said he believes Trump “increasingly sees tariffs as a tool to address issues outside of trade,” calling duties “his Swiss army knife of policy tools, the one he thinks he can take out of the toolbox to take on any problem.”

Source: sourcingjournal.com – Jan 22, 2025

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The future of consumption, McKinsey predicts major changes by 2050

A new report by McKinsey & Company highlights the global consumption patterns, forecasting significant transformations in how and what the world consumes by 2050. The report, titled 'Global Consumption Outlook to 2050', utilizes extensive data analysis and modelling to reveal a world grappling with shifting demographics, technological advancements, and climate change.

Consumption boom in emerging economies

The report predicts that emerging economies, particularly in Asia and Africa, will drive the majority of consumption growth. By 2050, these regions are expected to account for over 50 per cent of global consumption, up from approximately 35 per cent today. This shift will be due to rising incomes, urbanization, and a growing middle class.

Table: Global share in consumption

Region	Consumption share (%) in 2023	Consumption share (%) in 2050
Developed Economies	65	45
Emerging Economies	35	55

Services will take center stage. While spending on goods will continue to increase, the report highlights a significant rise in demand for services. Sectors like healthcare, education, and leisure are projected to witness substantial growth, reflecting changing lifestyles and priorities. Sustainability concerns will drive change.

That is growing awareness about environmental issues and resource scarcity will significantly impact consumption patterns. Consumers are expected to increasingly favor sustainable products and services, forcing businesses to adapt and innovate.

For example, India, with its growing middle class and increasing environmental concerns, provides a compelling case study on the shift towards sustainable consumption. The report highlights the increasing popularity of eco-friendly products, renewable energy solutions, and shared mobility services in the country. Technological advancements will continue to reshape consumption in profound ways. E-commerce, digital services, and the sharing economy are expected to gain further traction, transforming traditional retail and consumption models.

Rise of silver spenders

One major trend will be the rise of 'silver spenders'. The report highlights the growing influence of the elderly population on consumption. With increasing life expectancy and improved health, this demographic is expected to become a major consumer force, particularly in sectors like healthcare, travel, and leisure. A case study from Japan, a country with a rapidly aging population, demonstrates how businesses are adapting to cater to the unique needs and preferences of older consumers.

The report also acknowledges the challenges associated with these consumption shifts. Inequality, environmental degradation, and resource constraints need to be addressed to ensure sustainable and inclusive growth. However, the it highlights the immense opportunities presented by these changes, particularly for businesses that can innovate and cater to the evolving needs of consumers.

Source: fashionatingworld.com– Jan 22, 2025

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EU to set up textile recycling facility in Estonia

The European Union plans to set up a major textile recycling facility in Sillamäe, Estonia. Set to become the largest in the Baltic region, the facility will be developed by three interconnected companies with an investment of €100 million. Of this, €39 million will be provided by the EU's Just Transition Fund through Estonia's Enterprise and Innovation Foundation.

The three companies will create a closed-loop system where each of their output will be fed into the next stage of the recycling process. The facility will process up to 70,000 tons of textile waste annually, with materials sourced from Estonia and neighboring countries.

The recycling process will begin with sorting incoming textile waste. Higher-quality materials will be earmarked for reuse, while lower-quality synthetic fibers will be blended with recycled plastic to manufacture construction boards. This innovative material will be made from a combination of textile waste fibers, recycled plastic, and additives.

Once operational in late 2026, the facility is expected to employ 150 people. The three factories will span approximately 1.5 hectare, and preliminary agreements have already been signed for both domestic and international product distribution.

The project aligns with broader EU initiatives to support regions facing socio-economic challenges in transitioning to climate neutrality. Estonia has designated Ida-Viru County, one of its economically disadvantaged regions, as the recipient of these resources.

Source: fashionatingworld.com– Jan 22, 2025

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Uzbek group to invest $40 mn in cotton-textile complex in Kazakhstan

Uzbekistan's Global Textile Group wants to launch five facilities—a logistics centre, a cotton processing plant, a textile factory, dyeing and spinning workshops, and garment factories—in Kazakhstan's Maktaaral district in the Turkestan region.

The cotton processing plant will have an annual capacity of 13,800 tonnes. Products will be supplied to the Kazakh market and exported to Europe as well.

The textile factory is expected to start operations in 2027.

The facilities are expected to create over 2,000 permanent jobs. The total project cost is an estimated 21 billion tenge ($39.61 million), media reports from Kazakhstan said.

Company chief executive officer Muzaffar Razakov and the region's governor Nuralkhan Kusherov discussed the project recently.

The company introduced 'Namangan-77' cotton seeds last year, planting them over 3,200 hectares. It also finished a cotton reception centre with an annual capacity of 10,000 tonnes.

Source: fibre2fashion.com – Jan 23, 2025

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Why Bangladesh falling behind in RMG export to US

Bangladesh's garment shipments to the USA, the South Asian country's single largest export destination, have been falling over the past two years due to a market correction although other major countries have already adjusted to the scenario.

Data from the US Office of Textiles and Apparel (OTEXA), a body under the US Department of Commerce, shows that the US imported garment items worth $72.94 billion in the January to November period of last year, registering 0.63 percent year-on-year growth.

angladesh accounted for $6.76 billion of the amount, reflecting a 0.44 percent year-on-year decline. Even then, it showed signs of recovery, especially as the country saw a sharp 25 percent decrease in garments exports to the US in previous 2023.

This raises the question of how competitor countries have managed to recover garment exports to the US and why Bangladesh, the third-largest garment supplier to US markets, is taking more time to recover.

To unearth the reasons, a glance back through time is required.

Historically, Bangladesh's growth in garment exports to the US has varied between 10-15 percent over the last few decades. But in 2022, garment exports to the US grew by more than 53 percent, the most in a single year, to $9.72 billion.

This unusual growth occurred mainly after the pandemic-led movement restrictions as retailers and brands imported more to meet pent-up demand in 2022.

Expectedly, exports did not continue at the same pace in the following years, especially as American retailers and brands had plenty of old stock of unsold clothing items, causing the growth rate to fall.

Moreover, during the last two years, the import of garment items by US retailers and brands was low as the severe economic fallout of the pandemic, including historic inflationary pressures, led to a fall in demand.

China, the largest global apparel supplier, has also been experiencing a similar situation. From January to November last year, China's garment exports to the US fell 0.30 percent to $15.22 billion year-on-year.

In the same period, garment exports from Turkey to the US fell 6.77 percent to $0.83 billion.

However, some countries, including India, Pakistan, Indonesia and Vietnam, have illustrated growth in garment exports to the US despite American retailers and brands cutting back on imports.

These countries capitalised on Bangladesh's political crisis, which began in June last year with the student-led movement against the Awami League government. The monthslong protests led to government ouster, labour unrest, shutdown of factories and disruption in shipment of goods, crippling industrial units that were already contending with an energy crunch.

For example, garment shipments from India to the US grew 4.49 percent to $4.36 billion in January-November last year.

This occurred as a few work orders were shifted away from Bangladesh to India following the student-led mass uprising, which prevented local exporters from being able to ship goods timely or booking new work orders.

Similarly, garment shipments from Pakistan to the US grew 6.57 percent to $1.97 billion.

Vietnam, the second-largest apparel exporter to the US after China, saw 4.48 percent growth in garment exports to the US, hitting to $13.77 billion in the 11-month period.

Vietnam was performing strongly even during bad times due to its strong supply chain and higher prices for exported items.

Different studies suggest that Bangladeshi exporters get half the price compared to their Vietnamese counterparts. For instance, if a t-shirt produced in Vietnam fetches $10, the same t-shirt made in Bangladesh commands only $5.

On the other hand, Indonesia has recently increased its capacity to manufacture high value-added garment items after its textile and garment sectors were injected with foreign direct investments in recent years.

From January to November last year, garment exports from Indonesia to the US grew 0.14 percent to $3.92 billion.

On a positive note for Bangladesh, local garment exporters are hopeful that shipments to the US will rebound strongly because of Trump's imposition of higher tariffs on Chinese and Mexican goods.

Kutubuddin Ahmed, chairman of Envoy Textiles, said garment exports to the US have been recovering as, under the USA's current policies, there is a 25 percent duty on Chinese goods while Bangladeshi apparel exporters face a 15.62 percent duty.

If Trump raises duties on Chinese goods, something he has already said his administration plans to do, then it might be as high as 60 percent. That would definitely benefit Bangladesh, Ahmed said.

Another move from Trump that will benefit Bangladesh is the imposition of a 25 percent duty on Mexican goods, including garment items.

This is because Mexico has turned into a major garment exporter to the USA in recent years, particularly to California, Ahmed added.

This, in turn, happened as Chinese entrepreneurs invested in the textile and garment sectors in Mexico to enjoy zero-duty benefits on exports to the US under "The United States-Mexico-Canada Agreement (USMCA)", which came into effect on July 1, 2020.

Source: thedailystar.net– Jan 23, 2025

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NATIONAL NEWS

Commerce Department scrutinising 'America First Trade Policy' to study impact of each provision

The Commerce Department is minutely scrutinising every provision of 'America First Trade Policy' notified this week by US President Donald Trump, including tariff threats, to see what impacts India negatively as well as positively and to prepare accordingly to deal with it, sources have said.

Inputs will be sought from other Ministries and Departments on their assessment of the situation, but the government will wait for the US to take some concrete action affecting India before finalising its own, a source tracking the matter told businessline.

"We are studying the memorandum to see what are the provisions that may impact India. There may be many things that have no impact. There may be things that might positively affect India. And there may be things that might be a concern for the country. This has to be evaluated first," the source said.

The provision on addressing unfair and unbalanced trade in the policy may be of some concern to India as it calls for investigation of the causes of the US' large and persistent annual trade deficits in goods. It says that the US Department of Commerce should recommend appropriate measures, such as a global supplemental tariff or other policies, to remedy such deficits.

Further, the policy talks about carrying out government investigations on the feasibility of establishing and recommending the best methods for designing, building, and implementing an External Revenue Service (ERS) to collect tariffs, duties, and other foreign trade-related revenues.

Trade surplus

As India has a trade surplus of over $35 billion with the US, it could be affected by such investigations but nothing was for sure yet, the source added.

"There is no need of a knee-jerk reaction from India as Trump has asked the US Commerce Secretary, US Treasury Secretary and the US Trade Representative to give their reports on the various trade-related investigations by April 1, 2025," the source pointed out.

The government has already been holding consultations with the industry to identify items where there was scope of some tweaking of duties to meet America's interests as well as point out areas where concessions can be sought.

The America First Trade Policy has criticised China's trade and intellectual property rights policies but not mentioned India directly anywhere.

For the next two-and-a-half months, India will closely study US' trade policy and see actions that the country takes vis-a-vis other trade partners.

Trump tariffs

On the day of his swearing in, Trump announced 25 per cent tariffs on imports from Canada and Mexico, to be implemented from February 1, for failing to stop illegal immigration into the US.

On Tuesday, Trump said he would impose tariffs on the European Union. "The European Union is very very bad to us...So they are going to be in for tariffs," he said at a press briefing. He also said his administration was discussing a 10 per cent punitive duty on Chinese imports because fentanyl was being sent from China to the US through third countries such as Mexico and Canada.

"India will study all US policies and actions and also keep weighing various responses through inter-Ministerial consultations and dialogue with the industry," the source added.

Source: thehindubusinessline.com– Jan 22, 2025

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Centre mulls lower duties, more imports to counter Trump's tariff threats

India's government is evaluating options ranging from a trade deal, cutting tariffs and importing more goods from the US if US President Donald Trump follows through with threatened trade action.

Officials in the Narendra Modi-led administration have sketched out various scenarios to counter any steps a new Trump administration may take to narrow India's trade surplus with the US which was $35.3 billion for the year ended March 31, people familiar with the matter said. US was India's largest trading partner for the period, data from India's commerce ministry show.

Among the options discussed, the government could buy more whiskey, steel and oil from the US, the people said, asking not to be identified as the talks are private. It could also reduce some import tariffs, with officials drawing up a list of likely products, such as bourbon whiskey and farm goods like pecan nuts, they said.

One of the proposals being considered is to reduce duties on good imported from US states that are politically important for the Republican party, one of the people said.

The plans under discussion are part of India's larger strategy to avoid any confrontation with Trump, and also benefit from any potential US-China trade war, the people said. Bloomberg News reported Tuesday that New Delhi is set to take back at least 18,000 illegal Indian immigrants from the US to help placate the Trump administration.

An email seeking comments from the trade ministry spokesperson was not immediately answered. The plans have not been finalised and are still under discussions, the people said.

On his first day in office Monday, Trump said he would slap a 25 per cent tariff on Mexico and Canada by Feb. 1 while holding off on unveiling China-specific tariffs. He also threatened countries in the Brics group of developing countries with increased tariffs.

Indian officials are also considering a limited trade deal with the US under one of its scenarios, people familiar with the matter said. New Delhi had tried unsuccessfully to implement this during the first Trump administration.

The plan under discussion would include reducing some "most-favoured nation" tariffs, which are imposed on countries with which India doesn't have a bilateral trade deal.

Here are more details of the scenarios being discussed, according to people familiar with the matter:

- India could consider buying more goods from the US in sectors including soybean, dairy, vehicles, medical instruments, and aircrafts
- Electronics, hi-tech machinery, textiles, footwear and chemicals among sectors to benefit if China slapped with higher tariffs by the US and curbs on access to advanced technology
- India expects the new Trump administration to pressure the country on issues including data regulations, intellectual property rules and e-commerce
- Across the board tariffs of 10 per cent-20 per cent on all countries would help boost India's exports of auto components and metals

Source: business-standard.com– Jan 22, 2025

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India, Belgium strengthen trade ties expanding economic collaboration

India's Commerce and Industry Minister, Piyush Goyal, met with Belgian Foreign Affairs, European Affairs, and Foreign Trade Minister Bernard Quintin earlier this week in Brussels to enhance bilateral trade and investment relations. The discussions reaffirmed the strong ties between India and Belgium, focusing on expanding economic collaboration and exploring new opportunities to strengthen their partnership.

The India-Belgium trade is estimated at over $15.07 billion in 2023-2024 while Foreign Direct Investments (FDI) from Belgium into India was estimated at over $3.94 billion, Ministry of Commerce and Industry said in a press release.

During the meeting, both leaders acknowledged Belgium's significant reliance on foreign trade and India's dynamic, growing economy as key factors for leveraging mutual opportunities. Recognising the potential of trade as a cornerstone of their partnership, they emphasised the importance of diversifying trade relations and deepening economic diplomacy to achieve sustainable growth.

The leaders also discussed the progress of the EU-India Free Trade Agreement (FTA) negotiations and emphasised the importance of prioritising trade issues to streamline negotiations and strengthen economic ties.

Belgium recognised the importance of engaging with India as a strategic partner to diversify its trade relationships. The meeting concluded with a commitment to establish stronger mechanisms for resolving trade issues. Both leaders affirmed their dedication to fostering a robust and mutually beneficial trade partnership.

Source: fibre2fashion.com– Jan 22, 2025

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Budget 2025: Textiles industry wants Budget to capitalise on shifting supply chain amid Bangladesh crisis

India's textile industry must focus on capitalising on the shifting global supply chain landscape, driven by the ongoing political crisis in Bangladesh. With global retailers scrambling to find alternative suppliers amidst the ongoing crisis in Bangladesh, industry stakeholders and experts urge the Indian government to introduce significant budget reforms to revitalise the country's textile sector. To achieve this, they advocate for several key measures, including reducing import duties, simplifying import procedures, interest subsidies and tax incentives.

"Indian domestic raw material prices are significantly higher than international prices. While competitors like Bangladesh, and Vietnam have free access to such raw materials, India has imposed QCO on MMF fibre/yarn, which is acting as a Non-Tariff Barrier on the imports of such raw materials and thus affecting their free flow. It has resulted in a shortage of some specialized fibre or yarn varieties which has also affected domestic prices," says Rakesh Mehra, Chairman, Confederation of Indian Textile Industry (CITI).

CITI expects the government to ensure availability of raw materials at international competitive prices.

CITI advocated for income tax relief for MSME manufacturing units within the textile sector. The government may remove BCD from all cotton varieties to ensure the availability of cotton at internationally competitive prices, the organisation said.

The stakeholders also said that the government through Cotton Corporation of India (CCI) may ensure enough availability of cotton at international prices (when domestic prices rule higher than international prices) and any loss to CCI in this regard may be compensated by the government in the form of a subsidy, the way government is providing for other commodities.

For context, India's textile and apparel industry is facing significant headwinds because of sluggish global and domestic demand. India's textile sector employs about 45 million people.

"This is a watershed moment, when India is aspiring to capture a higher share in global imports of apparels owing to the enhanced trust that global brands are placing on India. This is the opportune time for the country to leverage it in terms of export growth, as reputed global buyers or retailers or chain stores are looking for alternatives because of China plus one factor and the Bangladesh crisis," says Sudhir Sekhri, Chairman, Apparel Export Promotion Council (AEPC). The AEPC budget demands are also driven by the ongoing political crisis in Bangladesh, which has prompted global retailers to diversify their supply chains and seek alternative suppliers, presenting an opportunity for India's textile industry to fill the gap.

The AEPC has outlined its key demands for the upcoming budget to boost the growth of India's apparel export sector and the major demands include continuation of interest equalisation scheme, removal of Sec 43B (H) of IT Act, simplification of imports of trims and embellishments under IGCR (Import of Goods at Concessional Rate) procedure, exemption of customs duty on imports of garmenting machinery, and Green Transformation Scheme for upgrading ESG infrastructure.

Focus on exports

Vikas Singh Chauhan, Director, Home Textile Exporters Welfare Association (HEWA), urged the government to extend the Rebate of State and Central Taxes and Levies (RoSCTL) benefits for home textile exporters from the current average of 6-8% to at least 10%, ensuring competitiveness with countries like Bangladesh and Vietnam and extend RoSCTL on entire value chain of textiles, promoting value addition.

Chauhan also called for an introduction of special export subsidies on logistics to offset increased freight cost of 20-30% post pandemic create logistics scheme to offset the same. "The government can extend the Interest Subvention scheme to both merchant exporter and manufacturer exporter for a minimum of 5 years and from 2% to 5%. as borrowing rates are very high. Also, the government can declare 2025 as an export year to promote and focus exports specially from ground level and to motivate youth to start their career in the export field," noted Chauhan.

The stakeholders and experts also called for a simplified tax regime for MSMEs and a 5% GST rate across the textile value chain like synthetic yarn (currently taxed at 12%) and finished home textile goods (18%) to 5%), creating cost parity with international competitors.

Chauhan said that the government can also expand the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) coverage from the current Rs 2 crore limit to Rs 5 crore, enabling higher capital availability for MSME exporters.

Boosting overall competitiveness

Ravi Gupta, Creative Director at Gargee Designers, emphasised the need to liberalize e-commerce export procedures to facilitate smoother access to international markets. He recommended two key reforms: increasing the ceiling per consignment to at least Rs 25 lakh and extending the export realisation period to 12 months These changes would enable enterprises to operate more efficiently, expand their global reach, and capitalize on emerging export opportunities, said Gupta.

Gupta further suggested that extending the Production-Linked Incentive (PLI) scheme to small and medium-sized textile companies can have a transformative impact. This inclusion can significantly boost production capacity, attract investments, and promote the adoption of modern manufacturing technologies, ultimately driving growth and competitiveness in the sector.

“In order to support the complete value chain from production to retail, it is possible to close structural gaps, increase consumption, and facilitate company operations by expediting the National Retail Policy's implementation,” said Gupta.

Ishant Gupta, Partner, NPV & Associates LLP, emphasised the need for the industry to focus on two key areas: skill development of workers and technology upgradation.

"Through targeted skill development programs and support for MSMEs, we aim to upskill workers and empower small enterprises to scale up production. Modernization support is crucial, with initiatives like technology upgradation schemes and R&D investments in innovative textiles driving the sector forward,” says Ishant Gupta.

To further bolster cost competitiveness, Ishant Gupta suggests that energy subsidies, streamlined trade processes, and enhanced access to raw materials are essential.

Similarly, Ashish Karundia, Founder, Ashish Karundia & Co, bats for removal of the Quality Control Order ('QCO') on Man Made Fibres ('MMF') and yarn. "It would facilitate a free flow of these raw materials at competitive prices, especially in comparison to countries like Bangladesh and Vietnam.

Furthermore, abolishing the customs duty on all types of cotton fibers would provide a boost to the textile sector. Additionally, India's garment export sector relies heavily on imported machinery for quality and competitiveness. Removing customs duties on such machinery would further enhance exports," adds Karundia.

Source: economictimes.com– Jan 23, 2025

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Time to imagine a new trade order

International trade and the idea of nation-states choosing their independent economic policies face a challenge as the new US president, Donald Trump, has warned the BRICS nations, including India, against developing their own common currency.

Trump threatened the bloc after its October 2024 summit in Kazan, where the ambition was announced to foster relations with the Global South and shape an alternative multipolar order, particularly in the financial and trade systems. Another idea being simultaneously proposed is that of a weaker dollar, which could make US exports more competitive and strengthen the trade balance in its favour.

Trump's threats to impose tariffs exceeding 100 per cent reflect a continuation of his protectionist approach, which characterised much of his first stint as president. Similarly, the idea of weakening the dollar through a loose monetary policy somehow aligns with the intent to deliver on the promise of Making America Great Again. Let us examine the ripple effects of these moves in the trade arena.

The belligerent trade policies of Trump in 2018 and 2019, followed by tariffs imposed on Chinese goods by the Biden administration, are estimated to have resulted in a reduction of the US's long-run gross domestic product by 0.2 per cent, capital stock by 0.1 per cent and employment by 142,000 full-time equivalent jobs.

A study by TaxFoundation.org found that the policies of the Trump and Biden administrations added $79 billion in tariffs based on trade levels at the time of implementation, excluding their dynamic effects. Such high tariffs amounted to an average annual tax increase of $625 in US households. The report also found that the tariffs had directly increased tax collections by $200-300 annually per US household.

Such estimates provide a partial picture as they fail to fully capture the costs to US households since they don't factor in lost output, lower incomes and diminished consumer choices. The estimates also overlook the financial burden on households in Canada, Mexico, China and the European Union, which imposed retaliatory tariffs on thousands of products, exacerbating the trade war. The estimates also miss the broader behavioural impacts including increased geopolitical tensions and a potential slowdown of global trade.

While India has a strong trade relationship with the US, with the latter accounting for the largest share of India's exports as the largest trading partner, it is important to view the latest developments in perspective. America's protectionist measures are likely to impact the exports of industries such as textiles and auto components, where profit margins are already very low. With reduced access to the US market, Indian manufacturers may face reduced production, job losses and a ripple in related industries.

It's important here to recognise India's power in the global economic order, especially together with other BRICS nations. An EY report in October 2024 attested to these changing dynamics. Between 2000 and 2023, the share of the BRICS+ group—made up of the original five members plus Egypt, Ethiopia, Iran, Saudi Arabia and the UAE—in global merchandise exports rose from 10.7 per cent to 23.3 per cent, compared to a decline in the G7 advanced economies' share from 45.1 per cent to 28.9 per cent. Meanwhile, the rest of the world maintained a relatively stable share, increasing slightly from 44.2 per cent to 47.9 per cent.

The report estimated that with the new members joining BRICS, their share in global merchandise exports could overtake the G7 group's by 2026. In particular, BRICS+ nations are emerging as vital players in the high-tech market, accounting for 32.8 per cent of the global exports in 2022, up from a mere 5 per cent in 2000.

It's time for India, the world's most populous nation, to take the lead in creating a more balanced and inclusive economic and trade framework. The idea of a BRICS currency has recently been dismissed by India's foreign minister as being difficult because of the need to align multiple policies across borders—fiscal, monetary and political. This stance may make sense in the short run. However, the long-term vision should focus on internationalising the rupee through trading agreements with small clusters of nations, with mutually desirable currencies.

It's important to consolidate BRICS+ as a trading bloc and encourage these countries to trade through bilateral or multilateral agreements settled in their domestic currencies. This approach would reduce dependency on the dollar and mitigate exposure to US policies. Over a period of time, it's likely to boost foreign investments into the BRICS+ bloc too, as companies seek more stable trading environments.

Trump's tariff threats and proposals to weaken the dollar highlight the urgent need to rethink the global economic order. As nations grapple with the challenges of protectionism and economic nationalism, the vision of a new, equitable framework for trade gains relevance. Whether through mutual currency agreements, a BRICS currency, or decentralised trade alliances, the world must explore innovative solutions to ensure resilience and sustainability in the face of unilateral actions by any one power. For India, adapting to this evolving landscape will be crucial in securing its position as a key player in the global economy.

Source: newindianexpress.com– Jan 22, 2025

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EU's garment imports from India at $5.4 billion, both eye on FTA

Indian Minister of Commerce and Industry Piyush Goyal and European Commissioner for Trade and Economic Security Maros Sefcovic recently met in Brussels and held an in-person discussion on the proposed Free Trade Agreement (FTA). Both sides are aiming to gain greater market access. In the textile and apparel segment, India is a major exporter of garments and other products. The European Union imported garments worth $5.410 billion from India in January–October 2024.

According to Fibre2Fashion's market insight tool TexPro, India's share was 3.63 per cent of the total garment imports of $162.692 billion in the first ten months of 2024. The economic bloc had imported garments worth $192.397 billion in 2023. Of this, the imports from India were recorded at $5.915 billion, which accounted for 3.07 per cent of the total.

India has not been able to improve its presence in the European garment market in recent years. The EU's imports from the partner nation were recorded at $5.655 billion in 2019. The inbound shipments dropped to $4.564 billion in 2020 but recovered to $5.377 billion in 2021 and further rose to $6.475 billion in 2022. However, trade declined to $5.915 billion in 2023.

The garment imports by the European Union were impacted by Covid-19 in 2020. However, they recovered and peaked in 2021 and 2022. The trade then slipped again due to economic concerns amid the Russia-Ukraine war, which led to higher energy costs and rising inflation, denting consumers' purchasing power.

EU's apparel imports totalled $172.239 billion in 2019. This dropped to $157.019 billion in 2020. However, the inbound trade recovered to $180.248 billion in 2021 and reached $205.901 billion in 2022. But the trade eased down to $192.397 billion in 2023, as per TexPro.

Source: fibre2fashion.com– Jan 23, 2025

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India should reciprocate if U.S. imposes additional duties on domestic goods: Trade experts

India's textile industry is set for transformative growth, with projections suggesting the sector could reach a valuation of $350 billion by 2030 and create 35 million new jobs. Bharat Tex 2025, scheduled from 12 to 17 February 2025, will showcase India's capabilities on a global scale, highlighting innovation, sustainability, and economic significance.

The textile sector accounts for 2.3 per cent of India's GDP, directly employing over 45 million individuals and indirectly supporting another 55 million. Its diverse product range, from handcrafted khadi and silk to advanced technical textiles, underscores its pivotal role in the economy and global markets.

Aligned with the 5F vision—Farm, Fibre, Fabric, Fashion, and Foreign Exports—the industry integrates traditional heritage with modern production. With a diverse range of products, including traditional handloom, handicrafts, wool, silk, and organised textile industry segments, the Indian textile industry thrives across its entire value chain, from fibre to apparel. The organised sector is characterised by mass production, spinning, weaving, processing, and apparel manufacturing, distinguishing itself as highly segmented and capital-intensive.

Indian textile manufacturers attract global brands with competitive pricing and diverse offerings. To meet evolving fashion trends and global demands, the industry is enhancing its design capabilities and expanding into high-value technical textiles for healthcare, automotive, and agriculture sectors.

A notable pivot involves reducing reliance on cotton by boosting synthetic fibre production, a strategy supported by the National Technical Textiles Mission. While cotton remains the dominant fibre, accounting for nearly three-quarters of the country's total fibre consumption, the industry has faced stiff competition from global players like China, Bangladesh, Pakistan, and Vietnam.

The government is driving growth through initiatives promoting renewable energy, ethical practices, and waste management. Skill development in rural areas and adoption of technologies such as CAD and automation are transforming the workforce. Bharat Tex 2025 will occupy

2.2 million square feet of exhibition space, accommodating over 5,000 exhibitors and presenting more than 20,000 exhibits. Anticipated to attract over 6,000 international buyers and 12,000 domestic business visitors from 110 countries, Bharat Tex 2025 has gained the support of global and domestic brands such as Aditya Birla, Reliance Industries, Trident Group, and Welspun, alongside participation from companies like Mafatlal Industries, EM Crafts, and Supreme Nonwoven Industries Private.

Bharat Tex 2025 is backed by the Ministry of Textiles and organised collaboratively with 11 Export Promotion Councils. Sustainability remains at the forefront, with global entities such as the Better Cotton Initiative, UNEP, and Laudes Foundation joining corporations like Aditya Birla Group and Arvind to share expertise on scalable solutions. Attendees can expect over 70 knowledge sessions led by renowned partners, including KPMG, Gherzi, and NIFT, offering critical insights into trade dynamics, investment opportunities, and technological advancements. The event will not only foster international collaborations and trade but also feature vibrant cultural displays that position India’s rich textile heritage and innovative future as a global benchmark.

The exhibition will feature specialised pavilions that address industry trends, such as the Sustainability Pavilion, showcasing eco-conscious practices, and the Start-Up Innovation Pavilion, highlighting emerging enterprise solutions. The Craft Museum – Indi Bhaat will honour India’s traditional arts and crafts heritage. Interactive Fabric Zones will allow attendees to explore diverse textiles and sustainable fabrics, offering hands-on inspiration for innovations in the textile industry. Upcycled and eco-friendly textile installations will add artistic flair to the expo, while spectacular cultural performances and fashion shows will celebrate India’s cultural legacy on a global stage.

The event will delve into key themes, including sustainable innovations like water-efficient dyeing and organic cotton farming, circular economy practices such as recycling and closed-loop manufacturing, and ethical sourcing promoting fair wages and safe working conditions. Events like the International Silk Conference, Better Cotton Annual Meeting, and Innovation Hackathon will provide opportunities for collaboration and knowledge sharing. Master craftsmen will also display inherited artistry alongside trend forecasts, product launches, and master classes to highlight India’s deep heritage and forward-thinking industry approach.

This transformative event has garnered support from UN agencies such as UNEP, UNDP, UNESCO, and UNIDO, along with government bodies like Niti Aayog, cementing Bharat Tex 2025's status as a pivotal platform for India's textile industry on the global stage. Bharat Tex 2025 is poised to lead India's textile sector into a new era, reinforcing its position as a pioneer in sustainable textile manufacturing while strengthening its global standing across the entire value chain.

Source: fibre2fashion.com– Jan 22, 2025

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Union Budget: Textile traders in Delhi's Gandhi Nagar seek single GST slab

Delhi's Gandhi Nagar locality is home to one of Asia's largest textile markets, with the livelihoods of many traders and merchants intricately linked to this wholesale hub.

Ahead of the Union Budget for 2025-26, traders here cite differential Goods and Services Tax (GST) rates as one of their major concerns. They urge the Finance Minister to place all raw materials and finished products under a single tax slab.

Among their other demands is the desire to be heard – directly by those at the highest policy levels.

Traders in Gandhinagar are optimistic, saying that their demands are perfectly justified, and if addressed, they will not only boost their businesses but also the textile industry as a whole.

Finance Minister Nirmala Sitharaman will present the Union Budget in Parliament on February 1.

Source: thehindubusinessline.com– Jan 22, 2025

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