TEXPROCIL
THE COTTON TEXTILES EXPORT PROMOTION COUNCIL
(SPONSORED BY GOVERNMENT OF INDIA)
Exporting Excellence 70 YEARS & BEYOND
KASTURI COTTON BHARAT

IBTEX No. 24 of 2025 February 04, 2025

Currency Watch			
USD	EUR	GBP	JPY
87.11	89.70	108.00	0.56

INTERNATIONAL NEWS

NATIONAL NEWS	
No	**Topics**
1	Trump's tariffs on China, Mexico, Canada double-edged sword for Indian exporters
2	UK delegation to visit India to re-start FTA negotiations
3	EFTA investor delegation to visit Delhi to explore business ties: Goyal
4	India Budget 2025-26: What's in store for India's textile industry?
5	Manufacturing PMI rises to 6-month high in Jan on exports and new orders
6	India-Bangladesh trade connectivity will continue, says India's envoy
7	India seeks to shake off 'tariff king' label in reply to Trump
8	India's textile, apparel players positioned to benefit from Trump tariffs
9	Govt plans alternative financing plans for MSME exporters
10	North India cotton yarn unmoved by budget, prices stable

INTERNATIONAL NEWS

What the Tariffs Mean For Fashion And Retail

The latest tariffs imposed by U.S. President Donald J. Trump will have fewer impacts on many apparel brands and present greater issues for retailers.

Compared with tariffs he imposed during his first term, the new duties are bigger as Trump seeks to exert pressure on Mexico, Canada, and China to stop illegal migration and the flow of fentanyl into the U.S. The 25 percent tariff on Mexican and Canadian imports are sweeping, with few exceptions.

Currently, the tariff on Mexican imports are delayed by 30 days after Mexican President Claudia Sheinbaum agreed on Monday to send 10,000 troops to her border to prevent drug trafficking. Tariffs on most Canadian imports were set to start on Tuesday, with energy resources having a lower tariff of 10 percent. Late Monday, Trump agreed to pause implementation of the Canadian tariffs, also for a period of 30 days.

The delay was due to Canada's agreement to take measures to curtail the border flow of fentanyl into the U.S. And while Canadian Prime Minister Justin Trudeau had slapped a 25 percent retaliatory duty on American-made goods ranging from apparel to footwear, home and furniture, it is presumed that those duties are on hold as well. The 10 percent tariffs on all Chinese imports—on top of existing tariffs—are also slated to begin on Tuesday.

For fashion brands, Jefferies equity analyst Ashley Helgans said firms under her coverage range have "limited sourcing exposure to China" at 10 percent or less. The analyst said Tapestry Inc. and Ralph Lauren Corp. have the ability to continue to raise prices to mitigate any cost impacts.

"Companies also have become increasingly agile since the pandemic in diversifying sourcing," Helgans said.

She concluded that department stores such as Kohl's Corp. and Macy's Inc. will see more risk to their top-and-bottom lines. That's because they are value-focused and have consumers who are more susceptible to inflationary pressures from increased tariffs on imports. Helgan noted that Kohl's in 2019 said it had "slightly more than 20 percent China sourcing exposure."

For other fashion brands, the analyst said Capri Holdings Ltd. has less than 5 percent China exposure, while PVH Corp. noted in 2019 its exposure back was between 10 percent to 12 percent. For footwear, VF Corp. said recently its China exposure was minimal, with the analyst noting that in 2019 the company has predicted U.S. imports from China would be 4 percent in 2020.

TD Cowan analyst John Kernan also said that the headline 10 percent tariff increase on Chinese imports of apparel and footwear, from a sales exposure point of view, "represents little [earnings per share] risk in our coverage, though China retaliation is a rising risk."

Brands that he says have "significant" China sourcing exposure include Skechers at 45 percent, Amer Sports at 33 percent, Puma at 32 percent, and Nike at 18 percent.

Footwear firms in particular are expected to be hard hit because China is one of the top three suppliers to the U.S. The Footwear Distributors and Retailers of America CEO Matt Priest has said that the tariffs are inflationary for consumers because the majority of the pairs of footwear imported from China are tagged as "value product" sold at mass retailers that include Target and Walmart. The mass discounters are where many working families shop.

The order Trump signed on Saturday also contains language specifying that the de minimis trade exemption—which allows for shipments worth less than $800 to enter the U.S. duty-free—is now closed for products subject to the tariffs.

Kernan said the revocation of duty-free de minimis treatment will hurt Chinese firms Temu and Shein, but that "could help the off-price retailers in the long run given the heavy cross shopping."

How retailers will react to the increased costs and what proportion will be allocated as a pass-along to consumers remains to be seen. The tariffs may not be long-lived if Trump gets the concessions that he wants.

For example, the one-month delay on when tariffs begin on Mexican and Canadian imports could be rescinded as government officials negotiate a resolution. Meanwhile, Tractor Supply CEO Hal Lawton said he has a playbook for tariffs from 2018. That playbook called for a one third share contribution each among manufacturers, customers and Tractor Supply.

A report from Coresight Research indicated that retailers such as Lowe's, TJX Cos., Walmart, and Wayfair have said that they anticipate price increases should the tariffs be implemented. In addition, retailers or brands that rely less on imports, such as Williams-Sonoma, could gain an advantage if tariffs are imposed as their products "would be competitively priced within the U.S. market." In contrast, retailers in the electronics and toy categories are expected to lose market share to other competitive retailers since those sectors rely heavily on imports.

Separate from the impacts on apparel and footwear, tariffs are expected to increase costs in other sectors as well. Logistics is one area, and so are paper products and packaging, which are in high demand in the e-commerce sector. While that could force companies to look at options for alternate sourcing, the ability of some firms to absorb new demand could be an issue.

Source: sourcingjournal.com– Feb 03, 2025

HOME

****

China's manufacturing sector expands slightly in Jan 2025: PMI data

China's manufacturing sector expanded slightly as the year began, according to Caixin China general manufacturing purchasing managers' index (PMI) data which showed that manufacturing production rose at a quicker pace amid higher new business inflows.

As a result, purchasing activity and inventory levels both increased.

Business sentiment also improved, though firms remained cautious with hiring as employment levels fell at the fastest pace in nearly five years, according to a release from S&P Global Ratings.

Output prices also declined at a quicker pace despite stable input costs, as firms offered discounts to support sales.

The headline seasonally-adjusted PMI fell to 50.1 in January, down from 50.5 in December. Posting above the 50.0 neutral mark, the latest data signalled that conditions in the manufacturing sector improved for a fourth straight month, albeit only fractionally.

Manufacturing production in China increased for a fifteenth successive month at the start of 2025. Moreover, the pace of expansion accelerated from December, in line with the trend for new orders.

Higher new business, driven by better underlying demand and increased promotional efforts, supported the rise in output.

Some manufacturers also noted that client desires to stockpile underpinned the growth in new work inflows.

The rise in new orders stemmed mainly from improvements in domestic demand, however, as export orders fell fractionally in January.

Source: fibre2fashion.com– Feb 04, 2025

HOME

****

Growing co-operation between Turkey, Egypt highlighted at Denim & Jeans Exhibition

Inaugurating the Denim and Jeans Exhibition in Cairo, Salih Mutlu Sen, Turkey's Ambassador to Egypt emphasized on the strong and growing industrial and trade cooperation between Turkey and Egypt, especially within the textile sector. He highlighted the crucial role played by Turkish companies in Egypt's denim production, noting their commitment to investing and reinvesting in the Egyptian market.

Sen also highlighted how Turkish businesses have helped establish Egypt as a major denim producer, attracting leading international brands that source their denim products, particularly jeans, from Egyptian factories. He praised the pioneering work of these Turkish companies, citing them as examples of sustainable growth.

Further, Sen emphasized on the mutually beneficial economic relationship between the two nations, stating that the 'win-win' collaboration is most evident in the textile sector, particularly in denim fabrics and apparel.

This thriving textile partnership is part of a larger, robust trade relationship, he said. According to him, the bilateral trade between Turkey and Egypt is projected to exceed $10 billion this year and reach $15 billion within the next five years, demonstrating a strong and promising economic future for both countries.

The two-day Denim and Jeans Exhibition featured around 55 companies from 10 countries, with a significant presence of 26 Turkish firms.

Source: fashionatingworld.com– Feb 03, 2025

HOME

****

Trump Took on De Minimis. But Will It Stick?

Over the weekend, President Donald Trump signed an executive order levying duties on goods from Canada, Mexico and China. Nestled within that legislation was a ruling that de minimis trade—or the duty-free treatment of individualized shipments worth $800 or less—would be terminated for countries subject to the tariffs.

News of the duty increases shook up world leaders and Wall Street for about 36 hours before the Canadian and Mexican heads of state were able to negotiate with Trump for one-month deferrals of the 25-percent tariffs on their countries. But a 10-percent duty increase on China remains scheduled to take effect at 12:01am on Tuesday—and the elimination of the de minimis exemption for shipments from the country stands to be the most economically significant portion of Trump's trade plan.

Over the past decade, de minimis trade has boomed, expanding by more than 600 percent. In 2023, the number of low-value, direct-to-consumer shipments crossed the 1-billion threshold for the first time. Last year, 1.36 billion de minimis shipments made their way to shoppers' doorsteps, many from Chinese marketplaces like Shein and Temu, as well as drop shipments from third-party sellers on platforms like Amazon.

For years, lawmakers on both sides of the aisle have railed against the trade "loophole," saying it has allowed China to evade paying its fair share of duties while creating a thoroughfare for illicit and dangerous goods, like fentanyl and narcotic precursors. The Biden Administration sought to take on de minimis reform through a series of executive orders and rulemaking proposals, but failed to get the issue over the finish line.

So was Trump really able to solve the problem with the stroke of a pen?

Doubtful, according to some experts.
Not toothless…But legless?

"It's huge; the biggest thing in this executive order is de minimis," Ram Ben Tzion, founder of Ultra Information Solutions, told Sourcing Journal.

However, that doesn't mean shipments from Temu and Shein will grind to a halt in the immediate term. "It's beyond enforcement capability. It's beyond compliance capability," he said of Trump's executive order.

Ben Tzion, whose firm is behind the digital shipment vetting platform Publican, is about three shades beyond dubious that Customs and Border Protection (CBP) has the tools in place to deal with intercepting violative de minimis shipments.

“It’s about 1,000 times more than they’re capable of dealing with right now; we’re talking about 4 million packages a day, 2 million of which are coming from China,” he said. “They’re not able to process even 1 percent of that volume effectively,” he added. There aren’t enough X-ray machines, nor enough staff to support physical sorting. “And then the data disclosure requirements and all the targeting systems are not compatible.”

So why sign an executive order that can’t be carried out? Ben Tzion believes Trump, now flanked by tech billionaires like Elon Musk, has subscribed to the mindset of a Silicon Valley iconoclast. “While there has been talk on the need to change de minimis for years with not much happening, this sends a clear message that this administration plans on changing things. And they’re going to do it the startup way, which is to move fast, break things and recreate reality on the other side,” he said.

The opposite of the Biden administration’s approach—”planned, strategic, calculated, careful”—Trump’s executive order has immediately put e-commerce heavyweights on the defensive. “Every executive in each and every one of these companies is struggling to find a way to comply, to remain on the good side of this legislation,” he said.

That reaction in and of itself may be key to Trump’s strategy for de minimis reform. “I don’t think it’s toothless because he cannot enforce it—I think it just puts the burden on the platforms to define how they do business and how they regulate whatever happens within their marketplace,” Ben Tzion explained.

“What I consider to be smart about this move is that it’s not about the consumers anymore, and it’s not CBP’s ability to enforce it anymore,” he added. “It’s about whether a company like Amazon is willing to continue operating in a manner that violates U.S. trade policies—and my guess is no.”

“E-commerce cannot slap tariffs back at the U.S.,” he added. “The Trump Administration has taken this action knowing full well it is beyond enforcement or beyond application, that means they expect somebody’s reaction.”

Flexport vice president of Customs Bernie Hart agreed that CBP is in no position to adequately screen millions of de minimis shipments entering the country each day. “To be brutally honest, they can’t keep up with that,” he said.

“If the government turns this off”—“this” being de minimis entry—”or requires exams for all [shipments], the ports are going to come to a standstill. It will clog all of our major arteries in terms of ports of entry. There’s going to be so much congestion, it’s going to be worse than Covid,” he said.

Instead, he believes in the immediate term, shipments will arrive at their destinations as ordered, and consumers won’t immediately feel the shifts taking place behind the scenes. As the administration continues to work with CBP on the rollout of the directive, retroactive duties could be imposed, or other enforcement mechanisms put in place.

In the medium term, companies—especially those dependent on de minimis—will have to examine their compliance capabilities. “They’re going to have to look at informal entries, or potentially formal entries, and with that comes a whole morass of additional data that everybody is going to have to provide to the government,” Hart said.

They’ll also have to scrutinize their business models, especially if they rely solely or primarily on de minimis trade. Without the duty-free provision, there will of course be new tariffs to pay, but also fees to brokers (like Flexport), as well as surety bonds that ensure the government will receive all duties, taxes and fees associated with a shipment.

“Those are all additional costs that nobody has built in today. So, can they absorb the potential duty hit? Yeah, probably. Can they afford all of this? Maybe not,” the Customs expert said.

Hart anticipates that importers will begin shipping in bulk and investing in warehouses and distribution centers across the country in order to continue to provide not just the products, but speedy shipping, that consumers have become accustomed to. “They didn’t have to invest in that infrastructure, but now, they might have to in order to hit the demand and the cycle time that they’re looking for,” he said.

He also believes there will be a shift from air to ocean freight to mitigate the added logistics costs. As a result, consumers will see longer wait times for goods originating in China—and likely, higher prices.

But Hart believes Trump's first attempt at de minimis reform is unlikely to be the final nail in the trade exception's coffin. "Yes, there's an executive order. Yes, we need to follow that. No issues or concerns—you have to comply with the overall law," he said. "But is this going to stick over time? Probably not."

Trump's edict is likely the first of "a number of iterations and updates that will come out," he believes. "There are always going to be concessions, because there are always unintended consequences" to trade actions—including harms to American small and medium sized businesses sourcing from overseas.

Not enough juice

A longtime proponent of de minimis reform, National Council of Textile Organizations (NCTO) president and CEO Kim Glas was buoyed by the president's weekend announcement imposing duties on China—but she doesn't believe the tariffs, or the barrier to entry created by the new de minimis rule—are high enough to stem the flow of cheap, China-made goods into the U.S. market.

"While we welcome President Trump's plan to impose a 10 percent penalty tariff on imports from China… to mitigate China's massive predatory and often illegal trade practices, we encourage higher penalty tariffs on China that are aggressively targeted to finished apparel and textiles," she said in a statement.

In addition to raising duties "significantly higher" than the proposed 10 percent, Glas believes Trump should "eliminate the de minimis tariff waiver exception for all countries, including Mexico and Canada."

Without comprehensive de minimis reform, other countries may continue to serve as a "back door" for illicit shipments, she believes. NCTO said Monday that the administration's executive order should come with beefed up Customs enforcement to stop practices like undervaluation, misclassifying imports and transshipment of goods to take advantage of free trade agreements. Repeat violators should face maximum penalties and blacklisting, the group said.

"This dangerous loophole allows importers to avoid paying duties on billions of dollars of imported products and facilitates illegal and deadly products such as fentanyl and goods made by forced labor," Glas said. "Even with a resolution to any disputes with Mexico and Canada, it is critical to move forward with an elimination of de minimis for all countries and maintain this critical provision."

Source: sourcingjournal.com– Feb 03, 2025

HOME

****

EU-Chile Interim Trade Agreement enters into force

The European Union (EU)-Chile Interim Trade Agreement (ITA) recently entered into force, following the completion of Chile's ratification process.

Signed in December 2023, the ITA is expected to boost business competitiveness on both sides, while providing a shared platform for the development of net-zero economies. It will also boost the EU-Chile privileged partnership.

This work will be further underpinned by ongoing initiatives under the Global Gateway, such as development of critical raw materials value chains and the production of green hydrogen in Chile, a release from the European Commission said.

The agreement will enable both sides to cooperate on global challenges like de-risking of supply chains and the fight against climate change.

The ITA will eliminate tariffs on 99.9 per cent of EU exports and providing a level playing field for EU goods on the Chilean market. It will ensure more effective and sustainable flow of raw materials and derived products;

It includes energy and raw materials chapter that will foster investment and provide the EU with steady, reliable and sustainable access to critical raw materials as well as clean fuel like hydrogen, crucial for the transition to the green economy.

It will give Chile all the policy space it may need to pursue its industrial policy objectives and ensure EU investors in Chile are treated the same way as domestic investors, the release said. An ambitious trade and sustainable development chapter confirms the parties' commitment to International Labour Organisation (ILO) standards and to the Paris agreement on climate change.

The EU and Chile negotiated between 2017 and 2022 to modernise the EU-Chile Association Agreement (in force since 2003). The negotiations concluded on December 9, 2022, and both sides signed the modernised agreement on December 13, 2023.

Source: fibre2fashion.com– Feb 03, 2025

HOME

****

Can Xinjiang cotton overcome forced labor concerns?

The Xinjiang Uygur Autonomous Region in China has long been a dominant force in the global cotton industry. Its unique combination of favorable climate conditions, vast arable land, and a skilled labor pool has enabled it to become the world's leading producer of cotton, accounting for approximately 20 per cent of global output. The region's significance to China's domestic cotton production is even more pronounced, with Xinjiang consistently contributing over 80 per cent of the nation's total cotton yield.

Cotton cultivation in Xinjiang dates back centuries, but the region's rise to prominence began in the late 20th century when the Chinese government implemented policies aimed at transforming Xinjiang into a cotton production hub. These efforts included investments in infrastructure, agricultural technology, and the expansion of cultivated land. As a result, Xinjiang's cotton output increased, contributing significantly to China's economic growth and its position as a major textile and apparel manufacturer.

Scrutiny and controversies

In recent years, Xinjiang's cotton industry has faced mounting scrutiny and challenges, particularly from the US and other Western nations. Allegations of forced labor practices within the region's cotton farms have led to import bans and sanctions on Xinjiang cotton products. These measures have disrupted supply chains and posed a significant threat to the livelihoods of millions of people in Xinjiang who depend on the cotton industry.

Despite these challenges, Xinjiang has demonstrated resilience and adaptability. The regional government has taken steps to address the allegations of forced labor, including increased transparency and monitoring of labor practices. Additionally, Xinjiang has intensified its focus on technological advancements and sustainable practices to enhance productivity and improve the quality of its cotton.

For example, in 2023, Aksu Prefecture launched a pilot project to with AI-powered irrigation systems in cotton fields. The project involved the use of sensors to monitor soil moisture levels and weather conditions, which then informed an AI algorithm that controlled the irrigation system. The results of the pilot project were impressive, with a 15 per cent reduction in water consumption and a 10 per cent increase in cotton yield compared to traditional irrigation methods. This success has encouraged the wider adoption of AI-powered irrigation systems in Xinjiang.

Table: Xinjiang cotton production

Table: Xinjiang cotton production

Year	Cotton production (mn tons)	Share in China's total production (%)
2020	5.2	87
2021	5.1	85
2022	5.3	88
2023	5.5	90
2024	5.68	92.2

Source: National Bureau of Statistics of China, Xinhua News Agency

Xinjiang has been at the forefront of adopting modern agricultural technologies to boost cotton production and efficiency. The region has achieved a remarkable level of mechanization in cotton farming, with nearly 100 per cent of cotton planting and over 90 per cent of harvesting now carried out by machines.

This has not only increased productivity but also reduced labor requirements, mitigating concerns about labor exploitation. Also, Xinjiang has invested heavily in R&D to improve cotton varieties and cultivation techniques.

The region has successfully developed high-quality, long-staple cotton varieties that are highly sought after in the global market. For example, Xinjiang Production and Construction Corps (XPCC), a state-owned enterprise that plays a crucial role in Xinjiang's cotton production has been actively involved in modernizing cotton farming practices and promoting sustainable agriculture in the region. It has also implemented measures to ensure fair labor practices and improve the livelihoods of its employees. The XPCC has been a pioneer in adopting AI-powered solutions in cotton farming. They have implemented a comprehensive AI platform that integrates data from various sources, including satellites, drones, and sensors, to optimize irrigation, fertilization, and pest control. This has led to significant improvements in resource use efficiency and cotton yield. These advancements have enabled Xinjiang to maintain its competitive edge despite the challenges it faces.

And despite facing controversies, Xinjiang cotton is used by many brands especially Chinese brands. Huafu Fashion, a leading Chinese textile manufacturer that sources a significant portion of its cotton from Xinjiang. Despite being added to the US Uyghur Forced Labor Prevention Act (UFLPA) entity list, Huafu Fashion has maintained operations and continues to export its products to various countries.

The company has emphasized its commitment to ethical sourcing and transparency in its supply chain. Huafu has invested in advanced traceability systems, allowing them to track the origin of their cotton throughout the supply chain. This ensures that their products are free from any association with forced labor and meet the ethical standards of their global customers.

Therefore, Xinjiang's cotton industry remains a vital component of the global textile and apparel supply chain. While the region faces challenges related to allegations of forced labor and trade restrictions, it has shown resilience and a commitment to innovation. By embracing technological advancements, sustainable practices, and transparency, Xinjiang is striving to maintain its position as a cotton powerhouse while addressing the concerns of the international community.

Source: fashionatingworld.com– Feb 03, 2025

HOME

****

US pauses tariffs on Mexico following agreement on border security

The United States has temporarily halted the imposition of a 25 per cent tariff on Mexican imports following an agreement between President Donald Trump and Mexican President Claudia Sheinbaum. The decision, announced on Monday, grants a one-month window for negotiations on trade and security matters.

Sheinbaum confirmed the development on social media platform X, stating that the agreement was reached after a phone conversation with Trump. “They are pausing tariffs for one month from now,” she wrote in Spanish, detailing the discussion.

In return, Mexico has pledged to strengthen security along its northern border by deploying 10,000 National Guard personnel to combat drug trafficking and illegal migration. Sheinbaum also highlighted that the US had committed to curbing the smuggling of high-powered firearms into Mexico.

Trump echoed Sheinbaum’s statements in a post on Truth Social, saying, “I just spoke with President Claudia Sheinbaum of Mexico. It was a very friendly conversation wherein she agreed to immediately supply 10,000 Mexican Soldiers on the Border separating Mexico and the United States.”

He further stated, “We further agreed to immediately pause the anticipated tariffs for a one-month period during which we will have negotiations headed by Secretary of State Marco Rubio, Secretary of Treasury Scott Bessent, and Secretary of Commerce Howard Lutnick, and high-level Representatives of Mexico.”

The pause in tariffs follows Trump’s recent announcement imposing duties of 25 per cent on imports from Mexico and Canada, as well as a 10 per cent tariff on Chinese goods.

The move had prompted strong reactions, with Canadian Prime Minister Justin Trudeau criticising the decision and announcing retaliatory measures. Mexico, too, had warned of countermeasures.

The economic implications of the tariffs had sparked concerns among analysts, given that Mexico exports nearly 83 per cent of its goods to the US, accounting for over $800 billion in annual trade. The Mexican peso had also plummeted to its lowest level against the US dollar in three years.

The agreement provides both nations an opportunity to engage in diplomatic negotiations. “We had a good conversation with President Trump with great respect for our relationship and sovereignty; we reached a series of agreements,” Sheinbaum wrote on X. The upcoming talks are expected to focus on trade policies, border security, and measures to curb organised crime.

Source: fibre2fashion.com– Feb 03, 2025

HOME

****

Global e-commerce apparel market to grow to $1.2 trillion by 2030: Report

Valued at $764.4 billion in 2024, the global e-commerce apparel market is projected to reach $1.2 trillion by 2030, growing at a compound annual growth rate (CAGR) of 7.8 per cent. As per a report by ResearchAndMarkets.com, this growth will be fueled by several key factors, including shifting consumer habits, technological advancements, and adaptive business models.

Titled, 'E-Commerce Apparel-Global Strategic Report,' the analysis says, consumers are increasingly turning to online shopping for its convenience, speed, and vast selection. The rise of smartphones and mobile apps has made shopping anytime, anywhere, a reality. Improved internet access and secure online payment systems have further broadened the reach of e-commerce, particularly in developing markets where online shopping is becoming increasingly popular.

Combined with the affordability and ease of online shopping, the rising demand for fast fashion is a major market driver of this growth. E-commerce platforms can quickly adapt to trends, offering new collections, discounts, and flash sales, which encourages frequent purchases. The ability to access international brands online expands consumer choice, creating a global apparel marketplace. This preference for online shopping, especially among younger, tech-savvy generations, is expected to continue driving market expansion.

Technological innovations are constantly enhancing the online shopping experience. Features like AI-powered recommendations, augmented reality (AR) virtual try-ons, and streamlined checkout processes improve customer satisfaction. Data analytics help businesses optimize their supply chains and better meet consumer demand. These technological advancements ensure that e-commerce apparel brands remain competitive, contributing to the overall market growth. Within the market, women's apparel segment is projected to grow at a CAGR of 7.7 per cent to $827.8 billion by 2030. Meanwhile, the men's apparel segment is poised to grow at a CAGR of 8.5 per cent over the forecast period.

Source: fashionatingworld.com– Feb 03, 2025

HOME

****

Canada imposes 25% tariff on US apparel, other items amid trade war

The Canadian government has announced a 25 per cent tariff on US apparel imports, effective February 4, 2025, in response to what it calls "unjustified" US trade measures against Canadian goods.

Part of a $155 billion retaliatory tariff package, the move targets $30 billion in US imports, including clothing, footwear, appliances, motorcycles, and beverages. An additional $125 billion in tariffs on other US goods—including vehicles, steel, and agricultural products—will undergo public consultation before implementation.

Finance Minister Dominic LeBlanc and Foreign Affairs Minister Mélanie Joly stated that Canada "will not stand idly by" as its economy and workers face unfair penalties. The government also warned that US tariffs would harm American industries by raising consumer costs and disrupting supply chains.

In addition, Canada is establishing a remission process to mitigate the impact on its businesses and workers while exploring further countermeasures if the US trade actions persist.

Source: fibre2fashion.com– Feb 02, 2025

HOME

****

Better Cotton transitions to certification model

In a strategic move, Better Cotton is shifting from a voluntary standards system to a more robust formula for supply chain oversight.

The global cotton sustainability initiative has completed its transition to a certification model, with a standardized third-party verification system.

Alongside third-party audits Better Cotton will continue second-party monitoring of its global network of farmer-focused organizations. The dual approach is designed to help identify areas of non-conformity, ensure ongoing visibility and boost capacity-strengthening efforts to drive improvement.

In addition, all supplier and manufacturer members wishing to source Physical Better Cotton will be in scope for certification against the Better Cotton Chain of Custody Standard.

The program currently traces Better Cotton back to the country of origin. As part of the non-profit organization's 2023 Strategy, it aims to eventually trace the cotton back to individual farms. Physical Better Cotton can now be sourced from Pakistan, India, Turkey, China, Mali, Mozambique, Tajikistan, Greece, Spain, Uzbekistan, Egypt and the U.S.

Later this year, retailers and brands that wish to use Physical Better Cotton will also be eligible to use a new product label that demonstrates their commitment to Better Cotton's mission.

Source: hometextilestoday.com– Feb 03, 2025

HOME

****

Bangladesh: Apparel leads 5.7% export growth in January

The country's merchandise exports increased by 5.7 percent year-on-year in January, driven by higher shipments of Bangladesh's key export item, readymade garments.

The country shipped $4.43 billion worth of goods in January, up from $4.19 billion in the same month a year ago, according to Export Promotion Bureau (EPB) data released yesterday.

Garment exports rose 5.57 percent year-on-year to $3.66 billion during the month. However, exports of other traditional items like leather and leather goods, and jute declined.

January's receipts brought total export earnings nearly 12 percent higher, to $28.96 billion in the first seven months of fiscal year (FY) 2024-25. In the same period of FY24, exports stood at $25.93 billion.

Apart from apparel, some products also performed well during the July-January period.

For example, frozen fish shipments increased by 13.19 percent year-on-year to $283.54 million.

During the July-January period, agro exports grew by 10.59 percent to $673.84 million, according to EPB data.

In the first seven months of FY25, shipments of pharmaceuticals also increased by 11.29 percent to $132.44 million.

Plastic goods exports grew by 24.32 percent to $181.79 million. Leather and leather goods exports grew by 34.77 percent to $669.03 million in the July-January period of the current fiscal year.

In the July-January period, bicycle exports increased by 63.95 percent to $63.04 million. Non-leather footwear exports grew by 34.21 percent to $318.09 million.

Home textile exports grew by 6.22 percent to $493.86 million, and specialised textile shipments increased by 20.19 percent to $229.70 million, according to EPB data.

Man-made filament exports edged up by 24.91 percent to $231.18 million, and cotton and cotton product exports grew by 13.74 percent to $369.39 million.

Handicraft exports grew by 15.18 percent to $23.82 million in July-January of the current fiscal year, EPB data also show.

Faruque Hassan, former president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said apparel exports continued to grow, defying "a lot of domestic and international challenges."

He said that Donald Trump's second term in the White House may benefit apparel exports to the American market from Bangladesh.

During his election campaigns, the US president vowed to impose punishing import tariffs on some countries, including the garment manufacturing powerhouse China.

After assuming office in January this year, he has already levied a 10 percent duty on US imports from China, which pushes up the effective tariff rates to as high as 35 percent.

Hassan said the imposition of a 25 percent duty on Mexican goods will also benefit Bangladesh, as Mexico has become a major garment-producing nation in recent years.

This change followed Trump's decision to impose a 25 percent duty on Chinese goods during his first term. Subsequently, Chinese manufacturers flocked to Mexico to invest and take advantage of duty-free trade benefits under the United States-Mexico-Canada Agreement (USMCA).

From July to January, Bangladesh's RMG exports to the global market saw a 12 percent growth, reaching a total of $23.55 billion.

However, when comparing the July-January RMG export figures of FY 2024-2025 with those from the same period in FY 2022-23, the growth over the two-year period was only 1.38 percent, said Mohiuddin Rubel, a former director of BGMEA, in a written comment.

After experiencing consecutive double-digit growth in the past four months (September-December), the growth in January slowed to 5.57 percent, with a single-month export value of $3.66 billion.

The knitwear sector posted relatively higher growth of 6.62 percent, while woven garment export growth recorded 4.52 percent.

While the growth figures are encouraging, they do not fully reflect the challenges faced by the industry, especially the pressure on prices and costs, said Rubel.

He said further analysis is required to identify the specific factors influencing this trend, such as market-specific performance, product and market concentration, and other variables.

Global trade is estimated to have shrunk considerably last year, leading to intense price competition.

Rubel said that amid the looming trade war, there are some opportunities for the RMG sector.

However, several priorities need to be set to support business operations, including a consistent energy supply and stable financial and banking sectors, he added.

Source: thedailystar.net– Feb 04, 2025

HOME

****

NATIONAL NEWS

Trump's tariffs on China, Mexico, Canada double-edged sword for Indian exporters

US President Donald Trump's tariffs on China, Mexico, and Canada could create opportunities for Indian exporters in sectors where they have capacity and a competitive edge, such as telecom, pharmaceuticals, chemicals, electrical machinery, apparel, and footwear.

But the fact that Trump has actually started acting on his campaign threats against trade partners doesn't augur well for world trade as it could lead to trade diversion, disruption and more uncertainty, say exporters and trade experts.

"US importers will try to look for alternative suppliers to avoid higher costs of importing from the targeted countries. We have to identify such sectors where we have capacity and the extra penal tariffs can add to our own competitiveness and give us an edge," said Ajay Sahai from Federation of Indian Export Organisations (FIEO).

Some such items include telecom and mobile phones, pharmaceuticals, chemicals, electrical machinery, apparel & fabric and foot wear, Sahai said quoting an internal analysis. Even in iron and steel, where the US gives a case-to-case exemption on the penal tariffs imposed by the earlier Trump regime on several countries including India & China, there could be gains, Sahai added.

In line with his campaign promise of penalising Mexico, Canada and China for alleged drug trafficking, Trump announced a levy of 25 per cent on Canadian and Mexican imports and an additional 10 per cent tax on Chinese goods on February 1 that would come into force on February 4. Most of the opportunities for India come from China's projected loss, while some items such as textiles & fabric and electric machinery could also benefit at the cost of Mexico, Sahai said.

Trade sceptical

However, the punitive tariffs have made exporters uneasy. "Indian exports to the US are also at risk if Trump chooses to impose reciprocal tariffs on India. That is worrying," said a Noida-based exporter of textiles.

“There will be huge trade diversion happening. And it is not a good sign as it will add to the already high uncertainty. Global trade and global economy may slow down because of such tariff war,” Sahai said.

India needs to focus more on protecting itself from future tariffs by opening a dialogue with Trump rather than look for opportunities, said Biswajit Dhar, Distinguished Professor, Council for Social Development.

“US is not getting after all these countries just to have fun. He has said that he wants to `make America great again’ by punishing imports from countries that have a surplus. His ultimate objective is to get industries relocated to his country. It is not to benefit this country or that country,” said Dhar.

The US is India’s top export destination with exports to the country valued at $77.5 billion in FY24 and a trade surplus of about $35 billion.

Source: thehindubusinessline.com– Feb 03, 2025

HOME

****

UK delegation to visit India to re-start FTA negotiations

A high level trade delegation from the UK is set to travel to New Delhi later this month to re-start the bilateral Free Trade Agreement talks with India under the new Labour regime, sources have said.

A large business delegation from the European Free Trade Association (EFTA) bloc—Switzerland, Norway, Iceland & Liechtenstein—including over 100 business representatives and officials, is also expected in India next week to look at opportunities to increase trade and investment with the country, the source added.

With US President Donald Trump reiterating his tariff threats against European countries and a possible threat to India looming in the background, the meetings have added significance.

"The India-EU FTA talks may finally re-start on February 24 as a high level UK trade delegation is expected to visit Delhi. This may finally set the ball rolling again after a break in the talks last year," the source told businessline.

After Britain's Labour Party, led by Prime Minister Keir Starmer, swept to power in the July 4 2024 elections, the new government wanted to take its time in examining the details of the India-UK FTA negotiations that had started under the Conservative government in January 2022.

"It is expected that UK's Secretary of State for Business and Trade, Jonathan Reynolds, will be in India for the FTA talks," the source said.

In November last year, Starmer announced that UK-India free trade talks will "relaunch" in the new year following his bilateral meeting with Prime Minister Narendra Modi at the G20 summit.

Support jobs

"A new trade deal with India will support jobs and prosperity in the UK and represent a step forward in our mission to deliver growth and opportunity across our country," Starmer said in a statement issued after the bilateral talks with Modi.

A deal with India would boost the UK's trading relationship, worth £42 billion in the 12 months to June 2024. UK exports to India are worth £16.6 billion, the UK government statement noted.

The three-day visit of a large business delegation from EFTA countries to India starting February 10 is likely to boost trade and investment ties between the two partners in the light of the Trade and Economic Partnership Agreement (TEPA) signed on March 10, 2024.

"Large companies are expected to be in the delegation and the visit will give a big boost to trade and investment ties between India and EFTA," the source said.

The EFTA bloc committed an investment of $100 billion which would facilitate the creation of 1 million direct jobs in India.

"We are hopeful that the India-EFTA TEPA will be ratified by all members this year," the source said.

Source: thehindubusinessline.com– Feb 03, 2025

HOME

****

EFTA investor delegation to visit Delhi to explore business ties: Goyal

A delegation of investors from the four-member European Free Trade Association (EFTA) nations—Iceland, Switzerland, Norway, and Liechtenstein—will be in New Delhi next week to explore business opportunities and strengthen investment ties, commerce and industry minister Piyush Goyal said.

EFTA representatives will be in the national capital with more than 100 investors.

The visit aligns with the investment commitment made by European nations under the India-EFTA trade agreement—an investment commitment of $50 billion in India within 10 years of the agreement taking effect, and an additional $50 billion in the following five years.

The investment is expected to create 1 million direct jobs in India over 15 years.

Government officials expect investments to focus on manufacturing in India across sectors such as chemicals, pharmaceuticals, food processing, and infrastructure.

The trade agreement between EFTA and India was signed in March last year after 16 years of negotiations, involving 21 rounds. The trade deal is expected to take effect by the end of 2025.

Of the four EFTA nations, Switzerland is India's largest trading partner.

During the first eight months of this financial year, India's exports to EFTA nations stood at $1.28 billion, of which 77 per cent went to Switzerland. Imports stood at $15.8 billion, with 97 per cent coming from Switzerland.

The trade deficit stood at $14.5 billion, primarily due to gold imports from Switzerland, which account for 80 per cent of India's gold imports from the country.

Source: business-standard.com– Feb 03, 2025

HOME

****

India Budget 2025-26: What's in store for India's textile industry?

The Indian textile and apparel sector plays a crucial role in the nation's economy, contributing 3 per cent to GDP, 13 per cent to industrial production, and 9 per cent to exports. It is also one of the largest employment providers, offering jobs to over 45 million people, with significant participation from women and rural communities. Notably, nearly 80 per cent of the industry's capacity is concentrated within Micro, Small, and Medium Enterprises (MSMEs). While India excels in apparel exports, with a market share of nearly $3 billion, there remains untapped potential in key segments where global competitors currently have an edge.

Industry anticipated that the Union Budget 2025-2026 would focus on several critical areas, including:

- Cotton price regulation and sustainability initiatives.
- Expansion and development of the man-made fibre (MMF) sector.
- Enhancement of maritime opportunities and shipping routes.
- Reduction in customs duties on key intermediates to facilitate finished goods exports.
- Streamlining export regulations for Indian textile products.
- Strengthening schemes like the Production-Linked Incentive (PLI) and PM MITRA.
- Additional impetus for skill development.

New developments in the textile industry

The Budget 2025-26 prioritises labour-intensive industries that have remained stagnant in recent years. Previously overlooked opportunities have now come into focus, and tariff lines have been identified where India can leverage its cost advantages. Fibre2Fashion examines how the Union Budget 2025-2026 is poised to bolster the textile and allied industries.

Mission for cotton productivity

Given its deep reliance on cotton-based textiles, India is renewing its emphasis on cotton productivity. The country's primary export markets—particularly the US and the EU—prioritise quality and sustainability. To address this, the government has introduced a Cotton Productivity

Mission, a five-year initiative aimed at increasing the production of extra-long staple (ELS) cotton. India currently imports significant quantities of ELS cotton, which is essential for high-value segments such as baby apparel and nightwear. The mission is expected to enhance farmer incomes and facilitate greater vertical integration within the industry.

Customs duty exemptions: boost for leather and technical textiles

Leather industry: The budget eliminates the Basic Customs Duty (BCD) on wet blue leather to support imports for value addition and job creation. However, a 20 per cent duty will now be levied on crust leather exports to limit the outflow of unfinished leather by small tanners.

Technical textiles: A renewed focus has been placed on technical textiles, particularly agrotextiles, meditech textiles, and geotextiles. According to the National Technical Textiles Mission (NTTM) policy released in 2022, Indian meditech textiles are expected to capture 5.7 per cent of the global market, while agrotech textiles and Geotextiles will account for 2.7 per cent and 2 per cent, respectively.

To boost domestic manufacturing, two categories of shuttle less looms will also be exempt from customs duty, addressing a longstanding gap in technological advancements. The allocation for the NTTM has more than doubled, increasing from ₹170 crore to ₹375 crore. This move aims to expand technical garment exports and strengthen India's position in this specialised segment.

Expansion of ATUFS with increased funding

The budget significantly enhances support for technological advancements in textiles, allocating ₹5,272 crore to the Ministry of Textiles. Of this, ₹635 crore is dedicated to technology upgrades under the Amended Technology Upgradation Fund Scheme (ATUFS)—a 48 per cent increase from the previous year's revised estimate of ₹390 crore. This investment underscores the government's commitment to modernising textile production, fostering competitiveness, and driving productivity.

Rising costs of imported knitted fabrics: a boon or bane?

The government has raised Basic Customs Duty on knitted fabrics from 10/20 per cent to 20 per cent or ₹115 per kg (whichever is higher). This move is expected to encourage apparel exporters to source from domestic producers, making local manufacturing more attractive and reducing dependence on costly imports. The decision aligns with the government's broader strategy of promoting vertical integration, ensuring that more intermediate goods are produced within the country.

Currently, India imports 63 per cent of its knitted fabrics from China (CY 2024). The tariff revision is a welcome relief for domestic manufacturers, who have long expressed concerns over the dumping of cheap imported fabrics. Extending the Minimum Import Price (MIP) for knitted fabrics will provide further protection to local producers.

Skill Development

A new centrally supported skill-building programme has been unveiled, targeting the training of 20 lakh (2 million) youths over five years. This initiative aims to align course designs with industry requirements, ensuring a skilled workforce for the textile sector

Final takeaways

The Union Budget 2025-2026 brings substantial support to the textile industry, emphasising cotton productivity, supporting knitted textiles production, technical textiles, technology upgradation and skill development. While direct incentives for the MMF sector and comprehensive export regulations were not explicitly addressed, indirect measures such as ATUFS expansion and customs duty exemptions seek to bridge these gaps. Overall, the budget takes a strategic approach towards enhancing domestic production, reducing import reliance, and strengthening India's global competitiveness in textiles.

Source: fibre2fashion.com– Feb 03, 2025

HOME

****

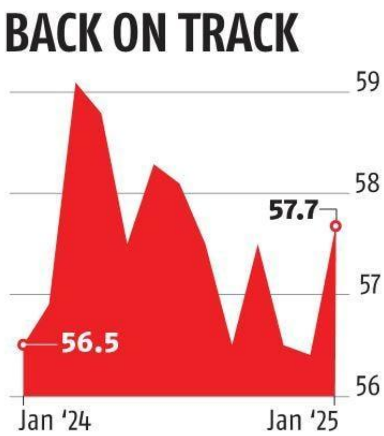
Manufacturing PMI rises to 6-month high in Jan on exports and new orders

Indian goods producers kicked off 2025 on a robust note as Purchasing Managers' Index (PMI) rose to 57.7 in January, recovering sharply from 12-month low of 56.4 in the previous month.

This rise was fuelled by the steepest upturn in exports in nearly 14 years and by new orders which rose at the quickest pace since last July.

The PMI figure was released by HSBC and compiled by S&P Global. A figure above 50 in the index denotes expansion in activity and below it signifies contraction.

"Cost pressures retreated to their weakest in 11 months, but selling prices rose solidly amid buoyant demand. Meanwhile, business confidence strengthened. January data also showed a pick-up in growth of buying levels and record job creation," the survey said.



Note: A figure below 50 indicates contraction and above that denotes expansion
Source: HSBC

The survey attributed the increase in new orders to better domestic demand and a pick-up in international sales. International demand for Indian goods strengthened in January, with panellists noting gains from across the globe. Notably, the rate of expansion in new export orders was the best seen in just under 14 years.

Pranjul Bhandari, chief India economist at HSBC, said that domestic and export demand were both strong, supporting new orders growth.

"The employment PMI suggested robust job creation in the manufacturing industry, as the index increased to its highest level since the series was created. Input cost inflation eased for a second month, relieving pressure on manufacturers to raise final output prices," she added.

The survey also noted that companies turned more optimistic about output prospects, with nearly 32 per cent of firms forecasting growth and just 1 per cent expecting a reduction.

"According to panel members, buoyant underlying demand, better customer relations, favourable economic conditions and marketing efforts all bode well for growth prospects," the survey noted.

On the employment front, the survey noted that robust sales gains and upbeat forecasts prompted companies to recruit additional workers at the start of the fourth fiscal quarter. The extent to which employment expanded was the greatest seen in nearly 20 years of data collection.

"Indian manufacturers also accelerated the rate at which inputs were purchased. January's upturn was the strongest in three months and sharp by historical standards. Firms were successful in their efforts to lift inventories as suppliers were able to deliver materials in a timely manner. Vendor performance improved to the greatest extent in eight months, while the accumulation in input stocks was the fastest since October 2024," the survey noted.

Source: business-standard.com– Feb 03, 2025

HOME

****

India-Bangladesh trade connectivity will continue, says India's envoy

Trade connectivity and economic engagement between India and Bangladesh will continue to strengthen the ties between the two nations, Indian High Commissioner Pranay Verma said on Monday.

The High Commission of India, Dhaka organised an interactive session with leading businesses and business chambers from Bangladesh's textile sector on Monday.

The session was held in the context of the upcoming Bharat Tex 2025, a global textile event set to take place in New Delhi, India from 14-17 February 2025. The event will bring together major stakeholders from the textile industry and cover the entire textile value chain under one roof.

In his remarks at the event, High Commissioner Pranay Verma highlighted the importance of the Ready-Made Garments (RMG) sector in Bangladesh's socio-economic development and also in promoting closer supply/value chain linkages between India and Bangladesh.

He identified cooperation between the two countries in the RMG and textile sector as a testament to their interdependence and mutual benefit. He expressed hope that the participation of a large delegation from Bangladesh in Bharat Tex 2025 will open up new opportunities for establishing new supply chain linkages, and investment and technology tie-ups across various segments of the textile value chain.

High Commissioner also expressed hope that trade connectivity and economic engagement between India and Bangladesh will continue to bring the people and businesses of the two countries closer together.

Md. Anwar Hossain, Administrator, Bangladesh Garment Manufacturers and Exporters Association (BGMEA) & Vice-Chairman, Export Promotion Bureau (EPB) and Mr. Mohammad Hatem, President, Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA) were the Guests of Honour for the event.

Faruque Hassan, Chairman of the Board of Trustees at BGMEA University of Fashion and Technology (BUFT) and Mr. Md. Jashim Uddin, Chairman of Bengal Commercial Bank & Vice Chairman of Bengal Group of Industries were the Special Guests for the event.

Industry representatives from Bangladesh looked forward to their participation in the Bharat Tex 2025 and expressed confidence that greater economic engagement with India will open up new avenues and growth opportunities for Bangladesh's garment industry.

Source: timesofoman.com– Feb 04, 2025

HOME

****

India seeks to shake off 'tariff king' label in reply to Trump

India's government made significant cuts to import tariffs in its budget and signaled it won't shelter businesses behind protectionist measures, a clear strategy to head off any retaliation from US President Donald Trump who began a new trade war with key partners.

The reduction in import duties covered a range of goods from electronics to textiles, with experts saying it's the first time India had made such major moves on its tariff structures. A notable change was a cut to import taxes on high-end motorcycles, such as those made by Harley Davidson Inc., an issue routinely raised by Trump since his first term in office.

Finance Secretary Tuhin Kanta Pandey said in an interview Sunday India wants to shed its image of being a protectionist country.

"We are signaling that India is not a tariff king," he said. "We are indicating that we are a competitive economy and we are open for business."

India's move came just a day before Trump announced new tariffs on Canada, Mexico and China, drawing retaliatory action and prompting a selloff in global markets. Bloomberg News had previously reported that New Delhi was evaluating several options, including a trade deal with the US, lower tariffs and importing more American goods to avoid any trade action from Trump. New Delhi also indicated it will help identify and take back undocumented Indian migrants in the US.

The finance secretary said the government's message to Indian businesses was clear: "don't get into protectionist mode." The changes mean India's average tariff was now 10.66%, down from 11.65% earlier, Sanjay Kumar Agarwal, chairman of the Central Board of Indirect Taxes and Customs, said Monday.

Pratik Jain, a partner at PwC India, said tariff changes were the first major overhaul by India and were "very important, both for simplification and in light of the changing new geopolitical equations."

"The government has clearly chosen not to use tariff as a protectionist tool despite the increasing geopolitical headwinds to this effect," he said. "India thus remains keen to be a more integral part of global supply chains, as highlighted in the budget speech."

Jain said the effective rates on imports of motorcycles have now been reduced by 10%-20% and the move will benefit countries from where India imports the bikes without a free trade agreement, including the US.

The finance secretary also addressed another of Trump's threats — namely to impose 100% tariffs on the BRICS group of nations if they tried to replace the dollar with a common currency.

"We have no intention to replace the dollar as a currency," Pandey said. "Also we don't align with China on the BRICS currency."

Source: economictimes.com– Feb 03, 2025

HOME

****

India's textile, apparel players positioned to benefit from Trump tariffs

Indian textile and apparel players are poised to benefit from the first round of Trump's tariffs levied against China, Mexico and Canada. The industry can leverage this shift in trade dynamics to significantly increase its exports to the US, which currently sits at 28 per cent.

The newly appointed Trump administration declared an economic emergency on Saturday, placing duties of 10 per cent on all imports from China and 25 percent on imports from Mexico and Canada, citing national security concerns. The first round of tariffs looms as a threat to textile and apparel exports from China and Mexico, forcing brands to seek alternative sourcing options in countries like Vietnam, Bangladesh, and India.

As per data from the United States International Trade Commission (USITC), China has been the leading supplier to the world's largest textile importer between 2013-2023, followed by Vietnam, Bangladesh and India. But its share of US apparel imports fell from 37.7 percent in 2013 to 21.3 percent in 2023 by value, amid increased cost of procuring and risk due to allegations of forced labour. Analsyts expect the current round of layoffs to position India better in benefitting from the shift in trade dynamics.

"This policy shift is likely to accelerate diversification strategies of global brands, positioning India as a key sourcing hub. So, expect growth for home textiles and garments as India captures a larger market share year-to-date calendar year 2024 (January-November 2024), India's market share in cotton sheet imports to the US improved to 61.3 percent (up 252bps YoY), in total apparel to 6.0 percent (up 22bps YoY) and in cotton apparel to 9.8 percent (up 49bps YoY), according to brokerage Elara Securities.

India is a major textile and apparel exporting country and enjoys a trade surplus. The bulk of import takes place for re-export or for industry requirement of raw material. As of 2024, exports of ready-made garments to the US stood at 14.3 per cent, according to data from the Apparel Export Promotion Council (AEPC). Key apparel exports to the US include cotton knit and woven shirts, cotton dresses, and babies' garments.

Apparel producers in India specialise in value-added products that require higher skill levels, such as items requiring hand embroidery or embellishments. Additionally, India's production of nearly every apparel input, from fiber to accessories, has allowed for vertical integration that appeals to buyers looking to mitigate risk in their supply chains and reduce costs. More than 90 percent of the raw material requirements for apparel are sourced from within the country (India), according to USITC.

"Global brands are increasingly focusing on diversifying their supply chains beyond Bangladesh, exploring multiple sourcing alternatives to mitigate risks and ensure continuity. While India is among several options being considered, its well-established textiles ecosystem, competitive capabilities, and full-stack solutions position it as a key beneficiary of this strategic shift. We believe India's robust infrastructure and expertise make it a compelling choice for global brands looking to diversify their outsourcing strategies," Elara Securities said in their note published last month.

The United States is the largest single-country apparel importer in the world. In 2023, US imports of apparel totalled $79.3 billion, with the major part being sourced from Asia. Bangladesh, Cambodia, India, Indonesia, and Pakistan are notable suppliers to the US.
"A stronger US economy under Trump could improve retail sentiment and the potential imports of apparel from India," said brokerage firm J.M. Financial.

Source: moneycontrol.com– Feb 03, 2025

HOME

****

Govt plans alternative financing plans for MSME exporters

New Delhi: The government plans to provide alternative financing models including export factoring services under the budget's proposed Export Promotion Mission as it seeks to ensure collateral-free, pre-shipment loans to micro, small, and medium enterprise (MSME) exporters.

"We will unveil further measures, including trade credit insurance and promotion of the Account Aggregator framework to support credit access," said an official.

Easier flow of credit is crucial for reviving India's goods exports which fell for the second straight month in December, declining nearly 1% from a year earlier.

A second official said various models of export factoring services are being examined, including reverse factoring. "We will hold discussions with other stakeholders, including the Factoring Association of India, to come up with different mechanisms to address any issues," he added.

Under existing mechanisms, a bank or specialised financial firm buys an exporter's short-term foreign accounts receivable for cash at a discount from the face value and assumes the risk on the pay ability of the foreign buyer, improving the seller's liquidity position.

Working Capital Needs

As per the latest credit guarantee scheme, loans up to ₹20 crore per borrower will be guaranteed for export-oriented units (EOUs) of MSMEs as well as units supporting import substitution. Credit facility will be offered on working capital requirements of the borrower as well as expansion projects in the form of term loans.

"The government has allowed lenders to follow board-approved policies on both interest rates and loan limits. With the backing of a credit guarantee, the interest rates on such sanctions should be at least 50-100 basis points lower based on borrowers ratings as well," said a bank executive.

The ministries of commerce and industry, finance, and MSME will work on sectoral and ministerial targets to offer collateral-free pre-packaging loans sanctioned for financing the purchase, manufacturing, or packing of goods prior to shipment. Packing credit can also be extended as working capital assistance.

"Factoring is a good instrument, but the cost and condition of factoring and denial of interest equalisation benefits also need to be looked at to ensure ease of doing business for exporters," said Ajay Sahai, director general, Federation of Indian Export Organisations.

Currently, Indian exporters use factoring services offered by Singapore as they are 10-11% cheaper than India.

At a later stage, with the stabilisation of the credit guarantee scheme, the government has proposed to include units facilitating import substitution to avail these benefits.

Source: economictimes.indiatimes.com– Feb 03, 2025

HOME

****

North India cotton yarn unmoved by budget, prices stable

A bearish tone was still evident in the north India cotton yarn trade and its prices remained stable. Both markets, Delhi and Ludhiana, saw average to weaker demand from the weaving industry.

The market did not see any positive tone after the provisions in India's Budget 2025-26. Traders said that market participants are still waiting for the influence of budget provisions, especially the higher duty on knitting fabric.

There are apprehensions that fabric importers may find a way to escape the higher provisions. Panipat's recycled yarn market also witnessed limited buying interest from the downstream industry. The market is struggling with slow demand and higher production capacity, which is more important than budget provisions. The Panipat market noticed steadiness in the prices of recycled yarn, cotton comber, and recycled polyester fibre.

The Ludhiana market noticed average to slow demand from the downstream industry. Market participants are trying to get a clear direction on budget provisions. The market saw stability in cotton yarn prices.

A trader from the Ludhiana market told Fibre2Fashion, "Higher duty on knitting fabric may provide indirect support if it really proves effective in checking the flooding of fabric. Importers are trying to find a way to escape the provision of higher duty." The Indian government has imposed a duty of 20 per cent or ₹115 per kg (whichever is higher) on knitting fabric, mainly imported from China.

In Ludhiana, 30-count cotton combed yarn was sold at ₹260-270 (approximately $2.98-3.10) per kg (inclusive of GST); 20 and 25-count combed yarn were traded at ₹250-260 (approximately $2.87-2.98) per kg and ₹255-265 (approximately $2.92-3.04) per kg, respectively; and carded yarn of 30-count was noted at ₹240-245 (approximately $2.75-2.81) per kg today, according to trade sources.

Cotton yarn weakened in the Delhi market as well, but prices remained stable as mills tried to hold them. The market is also facing tight payment conditions, which is hurting sentiment. According to market sources, there are speculations that importers may escape the higher import duty imposed on knitting fabric. However, the falling Indian rupee against the US dollar is a positive factor for cotton yarn, enhancing its competitiveness in the international market.

In this market, 30-count combed knitting yarn was traded at ₹260-262 (approximately $2.98-3.01) per kg (GST extra), 40-count combed at ₹282-290 (approximately $3.23-3.33) per kg, 30-count carded at ₹237-239 (approximately $2.72-2.74) per kg, and 40-count carded at ₹262-265 (approximately $3.01-3.04) per kg today.

India's home textile hub, Panipat, also ignored budget provisions. Retail demand and manufacturing activities across the entire value chain remained weak. Recycled yarn, cotton comber, and recycled polyester fibre were traded at previous levels. Traders said the Panipat market is facing higher production capacity and lower demand from both domestic and international markets. Budget provisions were also unable to boost market sentiment.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹78-82 (approximately $0.89-0.94) per kg (GST paid). Other varieties and counts were noted as follows: 10s recycled PC yarn (Black) at ₹53-56 (approximately $0.61-0.64) per kg, 20s recycled PC yarn (Grey) at ₹96-102 (approximately $1.10-1.17) per kg, and 30s recycled PC yarn (Grey) at ₹130-135 (approximately $1.49-1.55) per kg. Cotton comber prices were noted at ₹101-106 (approximately $1.16-1.22) per kg. Recycled polyester fibre (PET bottle fibre) was noted at ₹81-84 (approximately $0.93-0.96) per kg today.

In North India, cotton prices further eased due to slow demand and weakness in ICE cotton. Domestic cotton prices declined by ₹10 per maund of 37.2 kg, losing ₹60-70 per maund in the last week. Traders said that weakness in ICE cotton dampened sentiment in the local market. Spinning mills are slow in buying despite decreasing arrivals. Cotton arrivals have dropped below 10,000 bales in North India.

North India's cotton arrival was 9,000 bales of 170 kg, comprising 500 bales in Punjab, 2,500 bales in Haryana, 3,500 bales in Upper Rajasthan, and 2,500 bales in Lower Rajasthan. Cotton prices in Punjab ranged from ₹5,490 to ₹5,500 (approximately $62.97-63.09) per maund of 37.2 kg, while in Haryana, prices ranged from ₹5,470 to ₹5,490 (approximately $62.74-62.97).

In Upper Rajasthan, cotton was priced between ₹5,500 and ₹5,520 (approximately $63.09-63.32) per maund. In Lower Rajasthan, it was priced at ₹52,500 to ₹53,500 (approximately $602.19-613.66) per candy of 356 kg, while seed cotton was priced at ₹7,000-7,300 (approximately $80.29-83.73) per quintal of 100 kg.

Source: fibre2fashion.com – Feb 03, 2025

HOME

****