TEXPROCIL
THE COTTON TEXTILES EXPORT PROMOTION COUNCIL
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IBTEX No. 25 of 2025 **February 07, 2025**

Currency Watch			
USD	EUR	GBP	JPY
87.47	90.79	108.70	0.58

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INTERNATIONAL NEWS

Trump's America First Trade Policy: Tariff Risks Are Rising

American President Donald J. Trump loves tariffs, and that's an indication that they're not going away anytime soon.

As Trump tries to upend the U.S. trade deficit, tariffs have become his go-to tool to bend foreign governments to his will. For Trump, it's his presidential version of "The Art of the Deal." He's already imposed a 25 percent tax on imports from Mexico and 25 percent on select items from Canada to curtail illegal migrants and drugs from crossing U.S. borders. The two reacted with retaliatory tariffs of their own, although all are currently on "pause" following preliminary concessions as the North American trading partners try to find a more permanent resolution to avoid a trade war.

The 30-day delay continues until March 4. "We think a further extension is likely, but the tariff risk for both countries is likely to remain until at least the conclusion of the USMCA review slated for mid-2026" concluded economists at Goldman Sachs.

The USMCA is the U.S.-Mexico-Canada Agreement to Buy America, which replaced the North American Free Trade Agreement that Trump signed during his first term as president. The agreement is up for review in 2026.

As for the Goldman economists' expectation that there could be a further delay on the start of Mexican and Canadian tariffs, that's always a possibility. And all the more likely if talks result in some concession that Trump can claim as a big "win."

The Goldman economists also believe that a tariff on "critical imports" is an increasing risk. That would include oil/gas, industrial metals, pharmaceuticals, semiconductors and other electronics, as well as critical minerals, totaling around $600 billion in total imports. And they see a broad tariff on the European Union and a universal tariff as "clear risks."

The additional 10 percent tariffs imposed on China began on Tuesday. China retaliated with its own set of tariffs on American exports to China. It also placed export restrictions on critical minerals to the U.S.

Telsey Advisory Group's chief investment officer Dana Telsey said on Wednesday that the announced tariffs on Canada, Mexico, and China together could result in a "tax" burden to the average consumer in the range of $830 in 2025, citing to a Jan. 31, 2025, analysis by the TaxFoundation.org. But she also noted that the projection did not include the impact of retaliatory tariffs.

"President Trump included in the executive order on tariffs the ability for the U.S. to increase the tariffs on Canada, Mexico, and China if retaliatory tariffs are imposed on the U.S.," she said.

How high can tariffs go?

The Goldman economists believe the risks have "tilted toward higher" tariffs than they had previously assumed. "The challenge is that creating uncertainty is likely part of President Trump's strategy," they concluded in an economic research note on Tuesday. But using tariffs as a tool to extract foreign government concessions as Trump pushes forth on his trade deficit goals—which are part of his "America First Trade Policy"—also means more duties are on the horizon.

Trump has said that America has trade deficits with almost every country, and he wants to right what he sees as a wrong. That's where a universal tariff could come into play. Or in the case of the digital services tax (DST), Trump could play hardball by slapping reciprocal tariffs if he doesn't get the concessions that he wants.

Morgan Stanley's U.S. public policy strategists Ariana Salvatore and Michael D. Zezas on Wednesday said they believe Trump will levy more tariffs on China later this year as part of a larger trade policy goal. They also didn't rule out the possibility of a more aggressive path on the overall tariff front if the Trump administration's motives are due to trade deficit concerns more than policy concessions. The strategists also noted public comments by Trump on Friday when he said he did not see border concessions as sufficient because the goods trade deficit would persist. And if cutting the trade deficit is the ultimate goal, tariffs could be used for a considerable time in an effort to incentivize more domestic production, Salvatore and Zezas concluded.

Source: sourcingjournal.com– Feb 05, 2025

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Following Trump Edict, China Hits Back With Tariffs of Its Own

New 10-percent duties on China-made goods took effect in the wee hours of Tuesday morning, and Beijing was poised and ready to respond with a robust roster of countermeasures to the U.S. president's tariff scheme.

President Donald Trump's executive order, which fingered China for its role in America's fentanyl crisis, prompted China to levy 10-percent to 15-percent retaliatory duties on U.S. exports like liquefied natural gas, coal, machinery used for farming and other products, which are slated to be implemented next Monday.

Should they go through, China's tariffs would impact about $20 billion worth of U.S. imports, while Trump's new duties target $450 billion in Chinese goods.

President Xi Jinping's government also took aim at America's technology and defense sectors, cutting off or restricting access to certain China-mined critical minerals that are used in the production of weapons and clean energy infrastructure.

Chinese market regulators said they would additionally launch an antitrust investigation into Google, which, while blocked for use by the country's internet browsers, could have adverse impacts on the Silicon Valley behemoth's dealings with China-based firms.

On the apparel front, Beijing added Calvin Klein-owner PVH Corp to China's unreliable entity list, saying the fashion firm "violated normal market-trading principles, terminated regular trade with Chinese companies, and adopted discriminatory measures against Chinese companies," according to China's Commerce Ministry. PVH responded, saying that it was "surprised and deeply disappointed" by the decision.

At a Politico event on Tuesday, Trump trade adviser Peter Navarro intimated that Xi and Trump had plans to hash out the actions by phone. Asked how American consumers and companies should understand the new tariffs, he said, "Let's see what happens with the call today."

However, by Tuesday afternoon, it seemed that the meeting was off. A White House official told the Wall Street Journal that the call had been

postponed, meaning that a speedy resolution or deferral of duties (à la Colombia, Mexico and Canada) is likely not in the cards for China.

Unlike other nations that recently found themselves in Trump's tariff crosshairs, China is also contending with the loss of access to the de minimis trade exemption, an element of U.S. trade law that allows direct-to-consumer shipments worth $800 or less to enter the country duty free. In 2024, about 4 million packages entered the country daily using de minimis, and at least half of them originated in China.

While Trump's executive order didn't slam the door on the deluge of parcels from the likes of Shein, Temu and Alibaba, it did negate their duty-free access to the U.S. market—a central tenet of their business models and a key to their rise to prominence with American shoppers.

Questions about the viability of these seemingly untouchable e-conglomerates are already causing market upset; Temu parent company PDD Holdings saw shares plummet 5.9 percent Monday, though they rallied Tuesday, seeing 8.8-percent gains.

Temu and others like it have been gaming out the potential impacts of tariffs and changes to trade law for months, exploring new ways to bring in and store product aimed at American consumers—but it may not be enough.

"Temu's efforts in ramping up its local warehouse/semi-managed model over the past year could help," Citigroup analyst Alicia Yap wrote in a memo. But "the new tariffs will still have a negative read-through to Temu's growth in 2025 and beyond."

Source: sourcingjournal.com– Feb 04, 2025

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Global textile industry shows signs of recovery amid challenges

The ITMF's 30th Global Textile Industry Survey conducted in January 2025 reveals a cautiously optimistic outlook amid ongoing challenges in the textile value chain. While the overall global business balance remains negative at -15 percentage points (pp), the trend has been on an upswing since November 2024, especially in South America, which shows a positive balance of +21pp. Notably, garment manufacturers have also turned positive, registering a balance of +3pp.

Looking ahead, optimism is growing with 43% of survey participants expecting improved conditions in the next six months, lifting the global outlook to a positive balance of +29 percentage points. Regions like South America and producer groups such as spinners, which report a balance of +46pp and +45pp, respectively, are leading this sentiment.

Order intake continues its steady recovery with January 2025 figures showing a balance of –6pp after 14 months of progress. South Asia and South America post strong positive performances, but home textile is the only segment with a positive balance. Meanwhile, the global order backlog has risen to 2.5 months, with North & Central America at 2.9 months, indicating increased demand despite persistent concerns.

Challenges persist as global capacity utilization rate slips to 72%, even though it remains above previous lows. The survey also highlights ongoing worries over weak demand and geopolitical risks, with high energy and raw material prices adding to industry pressures. However, order cancellations have stayed low and stable, and overall inventory levels have remained relatively unchanged.

Source: fibre2fashion.com– Feb 05, 2025

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ICE cotton gains as trade concerns ease, dollar weakens

ICE cotton futures gained on Tuesday after concerns of a trade war eased following negotiations between the US and its two major trading partners. There were concerns that US cotton demand would weaken due to retaliatory tariff hikes by Mexico and Canada. The declining trend in the US dollar index also supported US cotton, as it makes cotton purchases more affordable for overseas buyers.

Yesterday, the ICE cotton March 2025 contract settled at 66.94 cents per pound (0.453 kg), up by 0.90 cents. The contract had seen a sharp decline on Monday but recovered later. All ICE contracts, including May 2025 and December 2025, gained on the positive mood of the market.

The US dollar index eased yesterday after a steep rise on Monday. A weaker US dollar makes cotton purchases more affordable for overseas buyers. However, weakness in crude oil capped gains in US cotton prices.

The tariff war between the US and its trading partners, Mexico and Canada, raised concerns about slower demand for US cotton. However, the US has paused tariff plans against these trading partners. In contrast, there has been no retreat with China, as the US has announced a 10 per cent duty on Chinese imports.

CBOT corn futures edged higher as they followed a similar trend. The increase in gains also improved sentiment in the cotton trade.

Presently, ICE cotton for March 2025 was traded at 67.04 cents per pound (up 0.10 cent). Cash cotton was traded at 64.44 cents (up 0.90 cent), the May 2024 contract at 68.18 cents per pound (up 0.13 cent), the July 2025 contract at 69.25 cents (up 0.15 cent), the October 2025 contract at 69.47 cents (down 0.79 cent), and the December 2025 contract at 69.53 cents (up 0.16 cent). A few contracts remained at the level of the last closing, with no trading noted today.

Source: fibre2fashion.com– Feb 05, 2025

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China: How about cotton prices after the Spring Festival with tariffs being imposed again?

During the Spring Festival, the main market news was that the United States once again wielded tariffs as a negotiation weapon. On February 1, the U.S. government announced a 25% tariff on imported goods from Canada and Mexico, and an additional 10% tariff on goods from China, with the new tariff policy set to take effect on February 4.

However, just one day before the new tariffs were scheduled to go into effect, on February 3, U.S. President Trump signed an executive order after phone calls with Mexican President Claudia Sheinbaumand Canadian Prime Minister Trudeau, suspending the tariffs on goods from Mexico and Canada, delaying their implementation until March 4, 2025. Additionally, the U.S. Postal Service announced on February 4 that it would suspend the acceptance of inbound packages from mainland China and the Hong Kong Post until further notice.

The statement indicated that letters from mainland China and Hong Kong would not be affected. The Tariff Policy Committee of China's State Council stated that starting February 10, tariffs would be imposed on certain imported goods originating from the United States, such as coal, liquefied natural gas, and crude oil. The escalation of U.S.-China frictions was unfavorable to downstream consumption, but is expected to have a minimal actual impact on cotton prices.

1. First, the increase in tariffs is unfavorable for the export of certain goods, but at the beginning of 2021, the U.S. had already imposed a comprehensive ban on cotton from Xinjiang, so there is no longer a significant marginal impact on the export of Xinjiang cotton.

As shown in the table above, the overall situation of U.S. tariffs on China in recent years indicates that approximately $250 billion worth of goods exported to the U.S. have a tariff rate of around 35%, and about $120 billion worth of goods have a tariff rate of around 17.5%. This is unfavorable for the export of end products, but for cotton products, the U.S. had already issued a comprehensive ban on Xinjiang cotton at the beginning of 2021, which was escalated at the end of 2021 to prohibit the import of all products from Xinjiang. Therefore, the marginal impact of this round of tariff increase on domestic cotton consumption is relatively small.

U.S. Tariff List on China				
Tariff round	Item		Time	Tariff rate
First round	Approximately $34 billion worth of goods exporting to U.S.		2018/7/6	25%
			2019/10/15	Suspension of tariff increase to 30%, maintaining at 25%
			2025/2/4	**up 10% to 35%**
	Approximately $16 billion worth of goods exporting to U.S.		2018/8/23	25%
			2019/10/15	Suspension of tariff increase to 30%, maintaining at 25%
			2025/2/4	**up 10% to 35%**
Second round	Approximately $200 billion worth of goods exporting to U.S.		2018/9/24	10%
			2019/5/10	25%
			2019/10/15	Suspension of tariff increase to 30%, maintaining at 25%
			2025/2/4	**up 10% to 35%**
Third round	Approximately $300 billion worth of goods exporting to U.S.	List A (about $120 billion worth of goods)	2019/9/1	15%
			2020/2/14	Down to 7.5%
			2025/2/4	**up 10% to 17.5%**
		List B	2019/12/15	U.S. suspended to impose tariffs

ccfgroup.com

2. Although the marginal impact on Chinese cotton is relatively small, the increase in tariffs has still raised the export costs for orders with traceability. Export enterprises can continue to increase their export ratio to ASEAN countries, but this also means that export prices and profits are being compressed, which weakens the upward price expectations for cotton.

3. In terms of the industry, the new cotton production in China for the 2024/25 season is expected to increase, U.S. cotton production will rise year on year and Brazilian cotton production may be at historical high level, which continues to exert pressure on both Chinese and international cotton prices.

Additionally, there are currently no clear expectations for a significant reduction in planting area for global new cotton in the 2025/26 season; attention should be paid to the planting conditions for U.S. and Chinese cotton in the first half of the year. On the demand side, export sales are not strongly driven by the escalating frictions, but both Chinese and foreign markets have low inventory levels, which still provides some support for essential demand during certain periods.

Overall, while the increase in tariffs has added resistance for some export sales of traceability orders, exports to ASEAN and other countries are also facing compression in export prices and profits.

Therefore, the marginal positive expectations for export sales are not strong. Meanwhile, global cotton supply remains relatively loose, and there is no sign of tightening. Thus, cotton prices continue to face pressure to go up.

However, since the U.S. issued a comprehensive ban on Xinjiang cotton at the beginning of 2021, the actual impact of this tariff increase on China's cotton consumption is not significant, and there is essential demand support from both domestic and foreign downstream markets. Therefore, there is no need to be overly pessimistic about cotton prices.

Source: ccfgroup.com– Feb 06, 2025

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Will cross-border e-commerce significantly impacted by the U.S. tariff adjustment?

On February 1, Trump cancelled the "minimum tariff exemption" for small goods worth less than US$800 in an executive order. Online e-commerce cried out for a big change! Some international logistics companies said that flights departing after 12:00 on February 4, 2025 will fully implement this policy. The United States Postal Service (USPS) also announced on the evening of February 4 that it would suspend the acceptance of parcels from Chinese mainland and Hong Kong, China from February 4 until further notice. The pause duration remains unknown.
The groundwork for the introduction of the policy is reviewed:

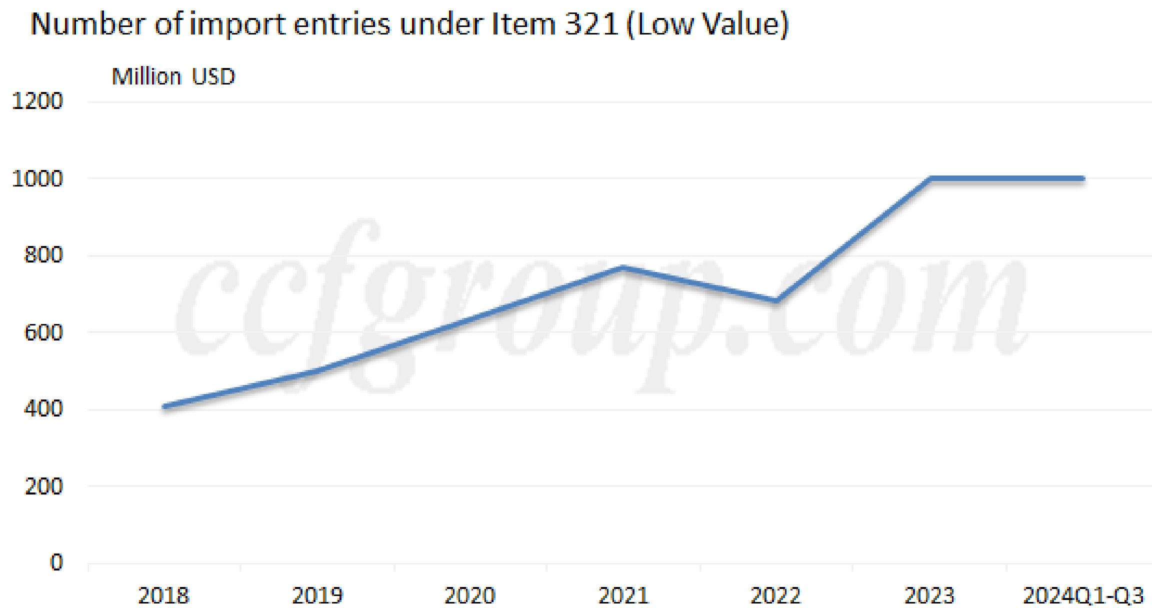
On January 14, CBP proposed relevant process rules for the entry of low-value goods (aimed at more efficiently identifying and intercepting the entry of some illegal drugs, such as fentanyl), which is in line with Trump's concept of drug containment.

On January 21, CBP proposed a major change to the import rules for low-value goods, that is, for 232, 201 and 301 calibre goods, small amount exemption cannot be used for import.

Purpose of US to remove tariff exemption for low-value goods

1. With the same import value, reducing the number of imported goods. Many foreign businessmen break up a single item into multiple items to keep the value of a single item within $800. Although there may be a small increase in packaging and even shipping costs, this cost is nothing compared to customs duties. However, for the United States, this has greatly increased the number of goods it imports, as well as the difficulty of detecting goods and the consumption of labor costs.

Many illegal goods are mixed in and not identified. According to CBP, the number of administratively exempted goods entering the United States each year has increased from about 411 million per year in 2018 to more than one billion in 2024. If the tariff exemption for low-value goods is abolished, foreign businessmen will try their best to combine small quantities of goods into large ones to reduce packing and freight charges, thus reducing the overall volume of goods entering the United States without changing the total value.



2. Additional tariff revenue According to CBP estimates, the biggest impact of the exemption policy cancellation is on Regulation 301 commodities. It is estimated that 77% of the duty-free goods are low-value goods covered by Regulation 301.

The administrative exemption in fiscal year 2023 was US$54.6 billion, so the total value of all eligible low-value goods would be subject to Article 301 duties in fiscal year 2023 with a total value of US$41.1 billion. The total value of Type 01 and Type 11 items covered by the Regulation 301 tariff was US$215.9 billion, with 16% of the low-value exemptions. If tariffs are imposed on this part of the goods, it will bring considerable fiscal revenue to the United States.

3. The protection of local enterprises in the United States and the temporary employment of labor force The implementation of this policy has greatly increased the cost of international e-commerce in a short period of time. In addition to the high international transportation cost and time cost, e-commerce companies will also face corresponding tariff cost.

In a short period of time, many e-commerce companies need to adjust the price of products and even the operation mode, which will significantly improve the competitiveness of local manufacturing enterprises in the United States, bring more jobs and solve some employment problems.

Hazards caused

1. The policy is implemented too fast for enterprises to respond. February 1 was the Spring Festival in China. The promulgation of the rule will make many multinational e-commerce companies have no time to make enough adjustments, resulting in "backstabbing," which will accelerate the reshuffle of the industry and many enterprises with meager profits will face the risk of losses.

2. The industry concentration of transnational e-commerce to the United States heigtens, and the era of transnational e-commerce for all the people will pass away. Previously, many individuals, small and micro enterprises also sold corresponding commodities on large e-commerce platforms such as Temu and Shein. After the policy is issued, individuals or small and micro enterprises may face the problems of too thin profits and cumbersome entry procedures, and exports to the United States will gradually concentrate on some large export companies that are good at taking advantage of economies of scale. In addition, the Trump administration is considering adding Temu and Shein to the list of forced labor.

3. The rising cost of living of Americans and the rise of local inflation. Export-oriented e-commerce companies will not bear all the tariff costs, and some of which will be passed on to local consumers in the United States, which will increase the local price level in the United States, thus affecting the cost of living and inflation. The inability to export some of the less profitable products will also directly lead to a reduction in the diversity of local commodities in the United States.

Future trends

1. Actively explore new markets. Transnational e-commerce will reduce its dependence on U.S. exports, thus exploring exports from other countries and improving its service scope.

2. Build new supply chains locally. Create a new supply mode, cooperate with the third party logistics, optimize their own cargo transportation mode, and establish a good overseas warehouse layout.

Source: ccfgroup.com– Feb 06, 2025

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UKFT partners with the Textiles Recycling Expo 2025

UKFT has partnered with the Textiles Recycling Expo, which will take place for the first time on 4-5 June 2025 in Brussels, Belgium, to become a central platform for innovation, collaboration and education for professionals in the textile recycling industry.

The textile industry is one of the largest contributors to waste globally. Each year, millions of tonnes of clothing and fabrics are being lost to landfill/incineration or are being exported in regions with lower labour costs, despite the fact that much of this material could be reused or repurposed.

By partnering with the Textiles Recycling Expo we aim to expand our impact by supporting initiatives that extend the lifecycle of textiles and promote a circular economy.

Our work with ACT UK (Automatic-sorting for Circularity in Textiles) and CFIN (Circular Fashion Innovation Network) has laid a strong foundation in advancing circularity within the UK fashion and textile industries.

Through these projects, we have built an extensive network of stakeholders committed to rethinking waste and fostering innovation in material reuse.

This new partnership with the Textiles Recycling Expo enables us to expand on that progress, driving greater collaboration between industry players, policymakers and sustainability advocates.

Attendees of Textiles Recycling Expo can network with pioneering suppliers, explore the latest technologies and innovations, and engage with industry leaders in a collaborative forum to share valuable insights.

The exhibition in Belgium will unite global experts in textiles, recycling, waste, manufacturing, clothing suppliers and retail. Textiles Recycling Expo will also feature a comprehensive conference with expert speakers and showcase innovative exhibitors like AIMPLAS, Andtritz, Stadler, Picvisa, Redwave, Valvan and more.

The event is organised by AMI and backed by leading associations including EuRIC, Fedustria, ReHubs , ASTRI, the Textiles Recycling Association and many more. AMI is a leading provider of international exhibitions and conferences for the recycling market, their portfolio includes the Plastics Recycling World Expos which take place in Europe, the USA and India, plus conferences focused on both mechanical and chemical recycling. The company also publishes Plastics Recycling World magazine and produces in-depth market reports on recycling trends.

Source: ukft.org– Feb 05, 2025

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Europe-5 online sales to hit $588.71 bn by 2029: Report

The e-commerce sales across the Europe 5 economies—France, Germany, Italy, Spain and the UK—are forecast to grow at a compound annual growth rate (CAGR) of 7.8 per cent over the next five years, increasing from €389 billion (~$403.78 billion) in 2024 to €565 billion (~$588.71 billion) in 2029, according to Forrester, a leading global market research company based in the United States.

The online sales will account for nearly 21 per cent of all retail sales across these five markets by 2029, up from 16 per cent in 2024. Factors including a stronger economy, increasing adoption of omnichannel strategies, better price transparency, and cross-border marketplace expansion will drive this growth, Forrester said in its report titled 'Europe-5 Online Retail Forecast, 2024 To 2029.'

The UK is projected to lead among the five markets, with the country's e-commerce sector making up 32 per cent of total retail sales in 2029, up from 27 per cent in 2024. Germany will see an increase from 16 per cent of retail sales in 2024 to 21 per cent in 2029, while France is expected to grow from 14 per cent to 17 per cent over the same period.

The United Kingdom (UK) dominated the online retail sales with projected sales of £176 billion (~$219.5 billion) by 2029. That compares to £130 billion (~$162.14 billion) in 2024. In Germany, online retail sales are predicted to reach €146 billion (~$152.06 billion) by 2029, up from €97 billion (~$100.73 billion) in 2024. In France, online sales are forecast at €106 billion (~$110.81 billion) in 2029, up from €73 billion in 2024.

The growth of offline retail (eg, in stores) is expected to slow significantly, compared to the immediate post-pandemic years when consumers showed a stronger preference for in-store shopping. By 2029, offline retail sales are forecast to grow at a CAGR of just 1.7 per cent, compared to 8.9 per cent in 2022 and 4.1 per cent in 2023.

Germany leads the total retail sales in the Europe-5 region with retail sales forecast to reach €693 billion by 2029. In the UK, retail sales will reach £552 billion in 2029, and in France retail sales will touch €616 billion.

Non-essential retail sales are set to rebound as inflation declines and economic conditions improve, boosting online growth in fashion and consumer electronics. Emerging online shoppers and cross-border e-commerce will drive further digitalisation, with platforms like AliExpress, SHEIN, and Temu expanding their presence, positioning Europe-5 as a key marketplace hub.

“The growth of online sales is reshaping the retail landscape, giving businesses opportunities to expand their customer base by offering more convenience and delivering tailored shopping experiences,” said Jitender Miglani, principal forecast analyst at Forrester. “European retailers should consider investing in advanced digital platforms to adopt omnichannel strategies to meet growing demand online. Getting customer experience right in both online and offline realms will dictate market dominance in the next decade.”

Source: fibre2fashion.com– Feb 07, 2025

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Italy's seasonally-adjusted Dec retail trade index value up 0.6% MoM

Italy's seasonally-adjusted index for retail trade increased by 0.6 per cent month on month (MoM) in value terms in December last year. Volume too rose by 0.8 per cent MoM, according to the official statistical agency Istat.

On a year-on-year (YoY) basis, the value of retail trade rose by 0.6 per cent, while volume slightly increased by 0.1 per cent in Q4 2024.

In the fourth quarter (Q4) last year, the value of retail sales grew by 0.3 per cent quarter on quarter (QoQ), while sales volume dropped by 0.2 per cent QoQ.

In December 2024, large-scale distribution saw a YoY growth of 1.9 per cent, small-scale distribution decreased by 1.5 per cent YoY and non-store retail sales declined by 1.7 per cent YoY. Online sales grew by 7 per cent YoY in the month.

Within the non-food product category, YoY performance showed mixed results, Istat said in a release.

In 2024 as a whole, value of sales increased by 0.7 per cent YoY, while volume of sales fell by 0.4 per cent.

Source: fibre2fashion.com– Feb 06, 2025

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Turkish fashion goes green & digital for competitive edge

Metamorphosis project strengthens digital transformation

Turkey's apparel industry has taken a significant step forward with the completion of the "From Design to Production: Digital Transformation in the Apparel Industry (metamorphosis)" project, led by the Istanbul Apparel Exporters Association (IHKIB) under the EU's Instrument for Pre-Accession Assistance (IPA-2) program.

Speaking at the closing event, Mustafa Paşahan emphasized the industry's resilience despite cyclical challenges. "We take a long-term perspective. Apparel will remain crucial for the Turkish economy for years to come. With this awareness, we are building an infrastructure that strengthens our position in global trade," he said.

The project secured €10.4 million in EU funding and focused on analyzing the apparel and textile sectors, developing a Digital Transformation Roadmap, and training SMEs. More than 100 SMEs benefited from digital transformation and social compliance consultancy services, while 125 SME representatives received Digital Fashion Design Training. Additionally, 60 companies underwent a Digital Maturity Assessment to enhance operational efficiency.

Investment in green and branded production

Highlighting the need for value-added production, Paşahan stated, "The price-focused competition model is fading. Instead, we must focus on design, innovation, and branding." Turkey's apparel brands already have over 3,000 stores across 100 countries. However, he stressed that digital and green transformation often referred to as the twin transition—will shape the sector's future.

The European Union's total grant support for Turkey's textile and apparel sector has now reached €37 million, contributing to digitalization, sustainability, and brand development. Among upcoming initiatives, a 'Carbon Footprint Monitoring and Reduction' project will be launched to align with the EU Green Deal. IHKIB has also secured funding under the European Digital Innovation Hubs Program, further supporting technological advancements in the industry.

Turkey’s competitive sectors program utilizes €500 million in EU funds

Deputy Minister of Industry and Technology Zekeriya Coştu highlighted Turkey’s long-standing collaboration with the EU under the IPA framework. “Since 2007, we have utilized IPA funds to enhance institutional and commercial capacities. In the first phase of the Competitive Sectors Program, we allocated €500 million-€400 million from the EU and €100 million from our national budget to 46 projects focused on regional development,” he said.

The ongoing IPA-2 phase, with a budget of €260 million, supports R&D, digital transformation, and green initiatives across 23 provinces. “Our goal is to create a more technology-driven, efficient, and competitive ecosystem,” Coştu stated. “The Metamorphosis project, a key part of this initiative, will enhance SMEs’ compliance with international standards and promote environmentally friendly production.”

Jurgis Vilcinskas, Deputy Head of the EU Delegation to Turkey, reaffirmed the EU’s commitment to supporting Turkey’s textile and apparel transformation. “Since 2007, the EU has invested €780 million to enhance Turkey’s industrial competitiveness and innovation. Our collaboration with IHKIB continues to evolve, fostering digitalization and sustainability in the sector,” he said. This partnership underscores the importance of Turkey-EU cooperation in shaping a greener and more innovative future for the apparel industry.

Source: fashionatingworld.com– Feb 06, 2025

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US Apparel Imports: Bangladesh loses ground as competitors gain ground

The US apparel import landscape is changing, with Bangladesh, once a rising star, losing ground to competitors like India, Vietnam, and Pakistan. This shift is driven by factors like, changing US policies, economic conditions, and political instability in Bangladesh.
Emerging trends

Bangladesh's decline: Despite being the third-largest apparel supplier to the US, Bangladesh's exports have fallen for two consecutive years. This drop is attributed to a market correction following a pandemic-driven push in 2022, coupled with political unrest and labor issues within the country.

Competitors capitalize: India, Pakistan, Indonesia, and Vietnam have seized this opportunity to increase their apparel exports to the US. What works for these countries is political stability, strong supply chains, and competitive pricing.

China's slowdown: Even China, the largest apparel supplier to the US, has experienced a decline in exports. This is partly due to US tariffs and a shift towards higher-value products.

What's driving the shift...

One major reason for the change in trend is US trade policies. The imposition of tariffs on Chinese goods has created an opportunity for other countries to compete in the US market. While Bangladesh enjoys lower tariffs than China, its competitors like Vietnam have established themselves as reliable suppliers with strong production capacities. Also, the global economic slowdown and high inflation have impacted consumer demand in the US, leading to reduced apparel imports overall. This has intensified competition among suppliers. And what has added to Bangladesh's troubles is the political turmoil that has disrupted production and led to concerns about supply chain reliability. This has prompted some buyers to shift orders to other countries. At the same time, countries like Vietnam and Indonesia have focused on producing higher-value apparel items, commanding better prices and attracting US buyers seeking quality and diversification.

Table: Changing US apparel imports

Country	Apparel exports to US (Jan-Nov 2024)	Year-on-year change
Bangladesh	$6.76 billion	-0.44%
China	$15.22 billion	-0.30%
India	$4.36 billion	4.49%
Pakistan	$1.97 billion	6.57%
Vietnam	$13.77 billion	4.48%
Indonesia	$3.92 billion	0.14%

Source: US Office of Textiles and Apparel – OTEXA

While Bangladesh hopes to regain its footing in the US market, it faces significant challenges. To succeed, it needs to address its political instability, improve labor conditions, and invest in upgrading its manufacturing capabilities to compete with countries offering higher-value products. The US apparel import market remains dynamic and competitive. Suppliers who can offer a combination of price competitiveness, quality, and supply chain reliability are best positioned to thrive in this evolving landscape.

Source: fashionatingworld.com– Feb 06, 2025

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Turkiye's apparel exports drop 4.47 per cent to $17.4 billion in 2024

Turkiye's apparel exports declined by 4.47 per cent year-on-year (YoY) in 2024, totalling $17,494 million compared to $18,314 million in the same period of 2023, according to data from the Turkish Statistical Institute and the Ministry of Trade. However, exports also slipped by 10.52 per cent in December 2024.

Exports of knitted and crocheted clothing and accessories (HS Chapter 61) decreased by 1.6 per cent to $10,109.110 million, down from $10,277.566 million in 2023. Non-knitted apparel and accessories (HS Chapter 62) experienced an 8.1 per cent decline, falling to $7,385.592 million from $8,037.378 million during the same period last year, as per the trade report on the top twenty chapters.

In December 2024, Turkiye's garment exports dipped by 10.52 per cent to $1,267.436 million. Exports of knitted and crocheted clothing and accessories decreased by 7.2 per cent to $753.112 million, compared to $811.313 million in December 2023. Non-knitted apparel and accessories saw a fall of 15.0 per cent, declining from $605.052 million in December 2023 to $514.324 million in December 2024.

Among the top 20 product chapters imported by Turkiye, no textiles-related chapter appeared in December 2024. However, the inbound shipment of non-knitted and crocheted goods and articles (HS Chapter 62) grew by 17.0 per cent to $1,635.267 million in January–October 2024, compared to $1,397.559 million in January–October 2023.

In 2023, Turkiye’s apparel exports fell by 5.86 per cent to $18.321 billion, compared to $19.463 billion in 2022, following $18.294 billion in 2021.

Source: fibre2fashion.com– Feb 06, 2025

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Euratex backs EU crackdown on unsafe e-commerce imports

The European Commission has acknowledged the growing risks of direct-to-consumer imports, particularly through online marketplaces, in its latest communication on e-commerce. Non-compliant and unsafe products threaten consumer safety, environmental standards, and fair competition.

A recent Reach for textiles project found that 16 per cent of 400 tested products violated EU regulations, highlighting the need for stronger enforcement. The Commission aims to tighten oversight under the Digital Services Act (DSA) and Digital Markets Act (DMA), ensuring e-commerce platforms take legal responsibility for the products they sell.

Key measures include removing the de minimis rule and fast-tracking Customs Code reforms to close loopholes that allow non-compliant goods to enter the EU unchecked. Strengthening coordination with Member States and industry stakeholders will enhance enforcement, while investment in digital tools like the Digital Product Passport will improve transparency and consumer trust.

Euratex welcomes the Commission's crackdown, including joint action with the Consumer Protection Cooperation Network against Shein. It also supports efforts to develop a Digital Fairness Act to bolster consumer rights in e-commerce.

"With billions of garments entering the EU each year, we need a stronger system to ensure compliance," said Euratex Director General Dirk Vantyghem. "We look forward to working with the Commission to create a fairer and safer market."

The Commission's push for stricter enforcement aims to level the playing field, protect consumers, and promote sustainable trade in Europe's digital economy.

Source: fashionatingworld.com– Feb 05, 2025

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Bangladesh’s earnings from garment exports continue to rise despite factory closures: EPB

Despite a wave of garment factory closures in Bangladesh, export earnings from the sector continue to increase, as per the data from the Export Promotion Bureau (EPB).

In the first six months of the current fiscal year, Bangladesh’s export earnings from the garment sector increased by approximately 13 per cent compared to the same period last year. Exports in December increased by 18 per cent with exports of woven garments rising by 20 per cent.

At tributing the factory closures to labor unrest and banking difficulties, entrepreneurs also noted this paradoxical increase in export income. They observed a gradual decrease in the crisis of confidence among garment sector business owners. According to economic analysts, this export growth offers some relief to the country's economy, which has faced challenges like a dollar shortage.

Bangladesh's primary source of export earnings, the RMG sector has been struggling due to worker unrest and other issues. The sector experienced four months of instability following the August government change, leading to a crisis of confidence among foreign buyers.

Despite efforts by the interim government and the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) to rebuild trust, numerous factories closed down. Data indicates, over 100 factories closed operations in the last six months, with 83 companies shutting down completely and at least 10 others suspending operations. Businesses attribute these closures to the political transition.

Mohiuddin Rubel, Former Director, BGMEA explains, export earnings from the sector continue to increase due to a rise in the workers’ skilling which has boosted productivity in garment factories. While many small and medium-sized factories closed due to issues like lack of banking support, larger, more efficient factories have expanded production, states Rubel.

Other factors that contributed to the rise in export earnings include a rising US dollar against the Bangladeshi taka, scaling of production by larger factories, production of more value-added, premium garments,

brands concentrating on fewer and larger facilities, diversification of raw material sources that helped manufacturers main production despite global disruptions.

Source: fashionatingworld.com– Feb 06, 2025

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Pakistan: 'Trump's tariffs' reshape global trade

If Donald Trump continues to impose higher tariffs on imports from China, Canada and Mexico, American importers may seek alternative suppliers. Pakistan could benefit if it positions itself as a competitive source for textiles and apparel.

Pakistan does not directly compete in sectors dominated by Mexico and Canada, so the impact would be minimal. However, since our country imports a significant share of machinery, electronics, and raw materials from China, any slowdown in China's economy due to US tariffs could indirectly affect Pakistan. If Chinese companies struggle to export to the US, they may lower prices or divert exports to other markets, potentially making some Chinese goods cheaper for Pakistan.

If Trump targets China with tariffs, he may also pressure countries allied with China, including Pakistan. The US could also increase trade pressure on us, particularly regarding the Generalised System of Preferences (GSP) benefits.

A trade war with China could weaken global demand, affecting commodity prices. While Pakistan might benefit from lower import costs, global supply chain disruptions could drive inflation, especially for products dependent on intermediate goods from China. Trade tensions could also trigger capital flight from emerging markets to safe-haven assets like the US dollar, leading to rupee depreciation, higher import costs, and rising external debt burdens.

If the Chinese economy slows, Pakistan could benefit from cheaper imports but may face reduced demand for its exports to China. Increased US pressure on Pakistan's trade ties with China could also create further economic uncertainties, including currency volatility and inflation risks. Bangladesh, one of the largest exporters of apparel, stands to gain from higher US tariffs on Chinese textiles.

With duty-free access under the GSP for least developed countries (LDCs), demand for Bangladeshi garments -- particularly mass-market, low-cost clothing like cotton T-shirts, jeans, and knitwear -- could rise. However, since Bangladesh imports many raw materials, including synthetic fabrics, dyes, and machinery from China, any slowdown in China or price increases could raise its input costs. Competition from Vietnam and India

for diverted orders may also limit its gains. Still, Bangladesh is poised to be one of the biggest beneficiaries due to its established textile supply chain and low labour costs.

India, with its diverse textile industry producing cotton, synthetic fabrics, and technical textiles, could see increased exports of yarn, fabrics, and readymade garments to the US as companies shift sourcing away from China. However, India lacks duty-free access to the US, and its high production costs -- particularly in electricity and logistics -- along with rigid labour laws, make it less attractive than Vietnam. Additionally, if China floods the Indian market with cheap textiles, domestic producers could suffer. While India may benefit in textile raw materials, Bangladesh and Vietnam remain stronger competitors in finished apparel.

Vietnam is already a major apparel supplier to the US, with many Chinese garment companies relocating production there to bypass US tariffs. If Trump increases duties on China, this trend will likely accelerate. However, Vietnam's rising labour costs and reliance on Chinese textile inputs could pose challenges. If the US perceives Vietnam as a backdoor for Chinese products, it may face increased scrutiny. Nonetheless, Vietnam is expected to gain market share at China's expense, particularly in mid-to-high-end garments. As one of the world's largest cotton producers, Pakistan must take strategic steps to enhance its cotton production and leverage its well-established spinning and weaving industry. Unlike Vietnam and Bangladesh, which rely on imported cotton, Pakistan has a natural advantage in cotton-based textiles, particularly denim, home textiles, and knitwear. The US is already a major buyer of Pakistani denim and bed linen.

To capitalise on this opportunity, Pakistan must expand its capacity in cotton-based garments, especially denim, knitwear, and towels, which are in high demand in the US. Adopting eco-friendly processing methods and reducing reliance on China for inputs could further strengthen Pakistan's position in the global textile market. However, Pakistan remains dependent on China for synthetic fabrics, dyes, and machinery. If China experiences an economic slowdown or if US scrutiny extends to Chinese-linked supply chains, Pakistan's production costs could rise, posing a challenge to its textile industry.

Source: thenews.com.pk– Feb 06, 2025

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Pakistan: Review of GSP+ status stokes fear in industry

Already hard-pressed by the imposition of an 18 per cent sales tax, the local cotton industry is panicky about reports of a review of GSP+ status by the European Union.

The status was granted by the European Union in 2014, which led to a 108pc hike in Pakistani textile exports to the EU due to concessional tariffs.

In October 2023, the European Parliament unanimously voted to extend the GSP+ status for another four years until 2027 for developing countries, including Pakistan, to enjoy duty-free or minimum duty on European exports.

However, during the recent visit of an EU delegation to Pakistan, it was announced that the economic bloc would review this status in June, stoking fears in the cotton industry.

A communication with the local representative of the EU by a concerned businessman revealed that though the GSP had been extended until Dec 31, 2027, new regulations are likely to enter into force much earlier than that.

"GSP monitoring is a continuous process. The inter-services monitoring mission is expected in mid-2025 as part of the ongoing process," the EU representative said in response to a query on Feb 2.

The businessman from the textile industry, who requested not to be named, apprehends that any negative review of the GSP+ status could further plunge the sector into crisis because, in the hope of sending more textile products' export consignments to Europe after winning handsome contracts in the recent textile fair in Germany, textile mills have purchased duty-free cotton and cotton yarn in large quantities from abroad.

As the import of cotton and cotton yarn is duty-free, while there is an 18pc tax on local cotton, the millers have been importing the commodities in large quantities from abroad this year at the cost of growers, ginning and spinning sectors.

The data released by the Pakistan Bureau of Statistics reveals that the country spent a record $1.91 billion on the imports of cotton and yarn in the first half of FY25, a surge of $0.610bn over the same period last year.

Reports suggest that large shipments of cotton and cotton yarn are also expected during January-March 2025 at the cost of precious foreign exchange.

Cotton Ginners Forum Chairman Ihsanul Haq says that though total domestic cotton production this year has been about 50pc less than the target and 34pc less than the last year's production, there is an increase in cotton stocks in ginning factories. As of Jan 31, at least 486,000 bales of cotton are lying with the ginning factories, 114,000 bales or 31pc more than last year.

He says that textile mills have so far purchased only 4.978m bales from local ginning factories during the ongoing season, which is a record 2.7m bales or 35pc less than the purchases of last year during the same period.

Source: dawn.com– Feb 06, 2025

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NATIONAL NEWS

India may resume mini-FTA talks if US shows interest

India may be willing to restart negotiations for an India-US mini free trade deal if Washington is ready to do so taking forward similar efforts made during US President Donald Trump's previous term, per top sources.

While the Trump regime has been demanding tariff cuts from India for a more balanced trade, it is not clear whether it would be willing to give significant concessions to the country in return, which is necessary for a successful free trade agreement.

Modi's visit

"Ahead of PM Narendra Modi's scheduled visit to the White House next week, hectic meetings are on in the government to prepare for the discussions and examine room for additional tariff maneuverability after the Union Budget giveaways. In case the Trump regime is ready for a mini trade deal, it would mean that India may also get some concessions. But everything is fluid right now," a source tracking the matter told businessline.

Also significant will be Modi's visit to Paris on February 10-11, just before his US tour, where he will co-chair the AI Summit with French President Emmanuel Macron. Both India and the EU have been signalling the need for closer ties and fast-tracking of FTA negotiations following Trump's warnings against their alleged high import tariffs.

India-US talks for a mini-trade deal, under the previous Trump government, had fallen through in 2020 after the two sides could not reach an agreement that benefited both sides satisfactorily. Joe Biden, who took over as the next US President, had no interest in resuming the talks as his government did not want to bring down US tariffs.

White House confirmed that Modi's visit is scheduled next week but the Ministry of External Affairs is yet to share the official programme.

In a phonecall with Modi last week, Trump had said that India should move towards a fair bilateral trading relationship and buy more American-made security equipment. This was in line with Trump's campaign

promise of reducing US trade deficit with trade partners, including India, by making them lower their tariffs or face reciprocal ones.
Budget announcements

In the Union Budget for 2025-26 announced on February 1, customs duties were slashed on a number of items of interest to the US, including high-powered motorcycles manufactured by US-based Harley-Davidson. Preparations are on to see what more could be done to sort out the tariff acrimony amicably with the US.

The EU, which has also been receiving tariff threats from Trump, has reached out to India for stronger ties. European Commission President Ursula Von der Leyen said in her special address at the World Economic Forum last month that the first trip of her new Commission will be to India to upgrade the strategic partnership with the largest country and democracy in the world.

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

Source: thehindubusinessline.com– Feb 05, 2025

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India working on compromise proposal to resolve origin rules differences with EU in FTA talks

India is working on a compromise proposal to resolve differences with the European Union on issues such as rules for determining the origin of goods, and thereby duty concessions as part of bilateral free trade agreement (FTA) talks.

The proposal is being prepared for certain goods such as chemicals after considering the value chain of exported products and positions reflected in some of India's recent FTAs such as with the EFTA (European Free Trade Association). These rules are vital for checking any circumvention of FTA rules and flow of cheap imports into India.

The development comes ahead of EU trade commissioner MaroS Šefcovi's likely visit to India later this month. "Product-specific rules of origin are being discussed. We have exchanged our key asks and their commercial significance is being assessed," said an official. Product-specific rules of origin specify that goods which do not originate in a partner country must undergo a change in tariff classification or a specific manufacturing or processing operation for obtaining origin status and tariff concessions.

India's earlier trade pacts had simple rules of origin linked to the wholly-obtained criterion from the trade partner country, value-added criteria or change in tariff heading parameter, which means transformation of a product leading to a change in its duty classification. However, the rules are getting more complex to offer greater flexibility to specific goods.

The compromise proposal also assumes significance as the EU had earlier proposed process rules for India like its other FTAs. In textiles, it had suggested some processes related to spinning for yarn to be considered of European or Indian origin. India-EU trade reached $180 billion in FY24, with India exporting $106.31 billion in goods and services and the EU exporting $94.79 billion. The tenth round of India-EU FTA negotiations is scheduled for March 10-15 in Brussels with both sides expected to look at bridging their differences on issues such as rules of origin and government procurement.

Source: economictimes.com– Feb 04, 2025

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India, Oman FTA talks progressing; both sides to hold another round of negotiations: Official

The negotiations for a proposed Free Trade Agreement (FTA) between India and Oman are progressing at a healthy pace and the two sides will hold another round of talks to resolve the pending issues, an official said. The official said that issues pertaining to petrochemical products have been resolved. The negotiations received a much need impetus after the visit of Commerce and Industry Minister Piyush Goyal to Muscat last month. "One more round of negotiations on the Comprehensive Economic Partnership Agreement (CEPA) will happen," the official added.

On January 27 in Muscat, trade ministers of India and Oman reviewed progress of the proposed agreement and focused on advancing the negotiations for the pact. The agreement was discussed between Goyal and Oman's Minister of Commerce, Industry and Investment Promotion Qais bin Mohammed Al Yousef.

On January 14, India and Oman held the fifth round of talks for the agreement, aiming to boost bilateral economic ties. The negotiations for the agreement, officially dubbed CEPA, formally began in November 2023. In such agreements, two trading partners either significantly reduce or eliminate customs duties on a maximum number of goods traded between them. They also ease norms to promote trade in services and attract investments.

Oman is the third largest export destination among the Gulf Cooperation Council (GCC) countries for India. India already has a similar agreement with another GCC member UAE which came into effect in May 2022. The bilateral trade has declined to USD 8.94 billion (exports USD 4.42 billion and imports USD 4.5 billion) in 2023-24 from USD 12.39 billion (exports USD 4.47 billion and imports USD 7.91 billion) in 2022-23.

India's key imports are petroleum products and urea. These account for over 70 per cent of imports. Other key products are propylene and ethylene polymers, pet coke, gypsum, chemicals, and iron and steel.

Source: economictimes.com– Feb 05, 2025

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Plan is to create separate agency to implement BharatTradeNet: DGFT

The Budget announcement to set up BharatTradeNet as a unified platform for trade documentation and financing solutions is an ambitious proposal and there is a plan to create a not-for-profit company to implement this project, a senior government official said on Tuesday. Proposed on the lines of Unified Payments Interface (UPI), the platform will help in moving towards complete digitisation of the entire range of trade documentation and then allow seamless operability of different agencies which are involved in this, Director General of Foreign Trade (DGFT) Santosh Kumar Saranagi told reporters here.

Finance Minister Nirmala Sitharaman has said in the Budget speech that this will be set up as a unified platform for trade documentation and financing solutions and it will complement the Unified Logistics Interface Platform.

"So this is a highly ambitious proposal but we are ambitioning to do something which is a UIDAI kind of programme in future...Idea is to create a separate agency because we need a very strong IT team and system architecture team. They should have the idea of a full trade ecosystem and how it operates. So we have suggested creating a Section 8 company for implementing this because this will have to interact with multiple agencies," Sarangi said.

These agencies include RBI, CBIC, banking systems, multiple shipping lines, ports and airports.

Whosoever is involved in international trade, "we will have to work with them. So we need an institutional mechanism to do that," he added.

At present, there are about 30 entities that are involved in trade documentation and financing arrangement and each one of them has its own portal and systems and the exporter or importer has to fill up about 5,000 odd data points when it navigates through different trade and finance ecosystems.

Still, a lot of work is carried out through papers.

"So we will move towards digitisation of the entire range of trade documentation and then allow seamless operability of different agencies which are involved in this," Sarangi said.

He said the idea is that different agencies like bankers, factory service providers, customs, FSSAI, EIC (Export Inspection Council) and labs will interact through one digital public infrastructure.

"For example in UPI, multiple agencies are involved in one transaction but UPI is providing an anonymised platform where your identity is not known to others but payment is being received," he added.

He said the project may take 2-3 years to take shape.

The BharatTradeNet would enable the digitisation of over 30 trade documents, such as Bills of Lading, Promissory Notes, for secure electronic issuance, transfer, and storage, where required. Exporters and importers would be major beneficiaries as the platform would help in getting faster clearances and export credit access.

Besides, other segments that would benefit from the move included banks and NBFCs as they would get real-time trade finance data.

It will help convert critical trade documents like Bills of Lading, Letters of Credit, and Customs Declarations into secure digital formats; ensure real-time, secure data sharing between exporters, banks, regulatory authorities, and global trade networks; and help MSMEs (micro, small and medium enterprises) and exporters access loans and credit by integrating financial institutions into the system.

Besides, it would help automate compliance with global standards like UNCITRAL MLETR (United Nations Commission on International Trade Law Model Law on Electronic Transferable Records), and UNECE (United Nations Economic Commission for Europe), ensuring smooth international transactions.

The absence of uniform development standards leads to duplicity, inefficiencies, and higher efforts as entities adopt disparate approaches.

Source: economictimes.com– Feb 04, 2025

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Export mission to ease woes of MSME exporters: DGFT

The bulk of allocation for the Export Promotion Mission (EPM) announced in the budget will be used for designing schemes for addressing export credit requirements of micro, small and medium enterprises (MSMEs) and promoting use of alternate financing instruments like factoring.

"The allocation for the mission for this year has been lept at Rs 2250 crore of which Rs 200 crore is for Market Access Initiative (MAI) and Rs 50 crore is for lab grown diamonds. Rest of the amount is for designing schemes around export credit, cross border factoring and support to MSMEs to tackle non-tariff barriers (NTBs)," director general of foreign trade Santosh Kumar Sarangi said.

The schemes will be designed by the Ministry of Finance and Ministry of Commerce. Earlier the government had a scheme for interest subsidy for export credit that came to an end on December 31, 2024. "Format of assistance to exporters will change. It will not necessarily be in the form of interest subvention," he said.

For export financing the government is looking at addressing the problem of high collateral many of the exporters face. "Four out of five MSMEs face issues regarding collateral and many of them are not able to avail credit because of this demand. We are thinking of a mechanism to increase export credit without giving collateral or giving partial collateral," Sarangi said.

Total export credit requirement for exports of $ 437 billion in 2023-24 is $ 284 billion but only $ 124.7 billion is provided. Total export credit requirement is estimated at $ 650 billion in 2030 for exports of $ 1 trillion.

The collateral support per exporter would be capped. The government is also looking to promote factoring services, which are big outside India. It enables exporters to sell his export receivables to a factoring service provider at a discount. For the fee, the service provider accepts the risk of collection of the payment.

The government is thinking of filling a part of the gap between the value of the export receivable and the price at which it is acquired by factoring service providers. Factoring is big outside India. India has 11 factoring companies as compared to China's 2000.

Global cross border factoring is estimated to be $ 758 billion but in India it is only $ 1 billion.

The cross-border factoring should attain a certain scale to reach about 3% of merchandise exports (in line with the global average), Sarangi said

To help MSMEs deal with NTBs the mission will consider reimbursing additional costs incurred by them for conformity assessment compliance relating to registration, testing, certification and inspection for organic, halal, electric goods, energy audit, European Union's carbon tax and deforestation regulations.

Support will also be provided for procurement of plant and machinery for complying with NTMs and supply chain diversification like Procurement of alternative inputs to comply with the global standards like permissible antibiotics and pesticides for farmers and fishermen.

Source: financialexpress.com– Feb 04, 2025

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$100 billion India-Russia trade by 2030, says Duma Chairman

Vyacheslav Volodin, the Chairman of State Duma, the Lower House of Russia's Parliament, on Tuesday said the bilateral trade between India and his country will reach USD 100 billion by 2030.

Volodin made the remarks during a meeting with Maharashtra Governor C P Radhakrishnan at Raj Bhavan in Mumbai, an official statement said.

Russian parliamentarians from various party groups were present in the delegation led by Volodin for the meeting, it said.

"Volodin stressed the need to develop cooperation with parliamentary institutions at the state and regional level. He said that strong states make a strong nation. He expressed the hope that the bilateral trade between India and Russia will reach USD 100 billion by 2030," the statement said.

Volodin also extended an invitation to Radhakrishnan and stat assembly Speaker Rahul Narwekar to visit Russia.

Source: economictimes.com– Feb 04, 2025

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Cotton mission to look at new technologies to boost yields, tackle pests

The 5-year "Mission for Cotton Productivity" announced in the Budget 2025-26 will look at technologies beyond the transgenics, such as gene editing and others, to develop the new seeds that will not only boost yields, but also resistant to dreaded pests like pink bollworm.

The ICAR-Central Institute of Cotton Research (CICR) along with the Agriculture Ministry will be leading the productivity-related initiatives of the Mission, for which ₹500 crore has been allocated for FY25-26.

"The mission aims to address the gap between production and consumption. Currently, the supply gap is estimated at 25 lakh bales. Our immediate concern is to address this supply gap. Ultimately, we need to have a cushion of 40-50 lakh bales to have a healthy demand-supply. This means we should be producing 360 lakh bales in three years, and may be touch 400 lakh bales in another five years," said YG Prasad, Director, ICAR-CICR.

India's cotton output, which touched a high of 360 lakh bales in 2019, is now estimated at a 299.26 bales, per the Agriculture Ministry's first advance estimates.

Transgenic research

Elaborating on the proposed initiatives, which will focus on domestic and indigenous efforts, Prasad said there was a need to look at new technology solutions such as gene editing and others. The already initiated projects in this area will be strengthened and fast-tracked, he said, adding that research efforts in transgenics will also continue.

"We are now working with some indigenous institutes and continue that work. We will fast-track those things, if at all some product is there for pink bollworm. Technology has to be developed by different players. One technology is no solution for pink bollworm." he said.

Commenting on the cotton mission, Prasad said "It is complete package — from farm to foreign, 5F — farm to fibre to factory to fashion to foreign— that is the concept here," he said.

Cotton contamination

Besides aiming at productivity, the Mission will also look at addressing the issue of contamination in cotton, because its mechanical harvesting is not there. “We need to move towards mechanisation. From sowing to harvest — this mission will facilitate that also. A lot of sowing equipment, precision planting. Precision planting is required, precision agronomy is required. Precision resource use efficiency is required. All those will be part of this mission.” he said

Around 60 lakh farmers are dependent on cotton, which is a dry land crop. “So, cotton should, if it has to be there, the price has to be there. Then production has to be there, the industry will be happy, otherwise, there will be imports. And that will again depress the farmers’ prices. So, this is a vicious cycle. Our exports have come down and imports are going up and the price is hovering around MSP only. So, all these forces actually will turn farmers away from cotton and there will be serious implications for supply. Ours is a cotton-based textile industry.

So, that we need this buffer, so that everybody will be happy. If you want to really have a very good health of the textile industry, then supplies have to be ensured. Because the need is growing and we need to maintain that, otherwise man-made fibers will take over. Already man-made fibres are A fast-growing industry the world over and India is no exception,” he said.

Source: thehindubusinessline.com– Feb 05, 2025

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Allocation for cotton in Budget 'insufficient', say farmers

Cotton farmers in Maharashtra are seeking major changes in terms of technology, and increased allocations in the Union budget to fix the problem of falling productivity.

Finance Minister Nirmala Sitharaman allocated ₹500 crore for the National Cotton Technology Mission in the Union Budget for 2025-26 presented on February 1.

Farmers, experts, and activists, however, say that this allocation alone is not sufficient to solve the productivity crisis.

Cotton yields have been on a declining trend in the past decade. According to data from the United States Foreign Agricultural Service, cotton yield was 461 kg per hectare in 2024-25 declining 8% from 502 kg in 2014-15. According to GH Wairale, senior cotton technologist based in Maharashtra, the current demand for cotton from the textile sector is around 350 lakh bales, but the current production is just around 300 lakh bales.

Lack of quality seeds

Farmers and experts blame the lack of newer seeds and innovative methods of farming the crop for the lower productivity. "We have been farming using the same method since independence," says Dilip Thakare, a cotton farmer based in Akola, Maharashtra.

Cotton farmers in India have been using the Bollgard-2 variety of cotton for about two decades. "The variety provided good yields in the first few years but has begun to decline in recent years. The boll worms still attack the cotton plant, creating an average damage of about 30%-40% of the crop." Mr. Thakare said. The Genetic Engineering Appraisal Committee in India has not approved the use of the Bollgard-3 variety yet.

The second problem is farming methods.

Mr. Thakare farms cotton, soyabean, and red gram on his 67-acre farm. He uses the high density planting system. This method, he said, earned him a higher yield compared to other farmers. He also made an attempt to use machines to pick the cotton. He, however, maintains that this

cannot be done by other farmers as the method is more expensive. “The government needs to allocate more than the current ₹500 crore to bring in this method,” Mr. Thakare said, suggesting that the allocation must be at least twice what has been provided.

Speaking about mechanisation, Mr. Thakare emphasised that the average age of people working on farms is 50-60. Their children had already graduated, given up on farms, and moved out in search of employment. Lack of labour, he says, is a reason to introduce mechanised farming
Mechanised farming

“People are already moving to different crops, and some are even leaving cotton farming,” Mr. Thakare claimed. In the absence of increased allocation and efforts to promote modernisation, cotton farming might further reduce, he added.

While farmers and experts look for a higher allocation to fund technological innovation from the Cotton Technology Mission, National President of All India Kisan Sabha Ashoka Dhawale says the allocation for a cotton mission in the budget is merely “cosmetic” and is intended to mask the more fundamental problems in the cotton sector. These problems are already well discussed and are long standing. The issues are remunerative prices, reduction of input costs, effective crop insurance cover, and priority to agriculture in bank lending policy.

“The main thing is that today, 90% plus of the cotton growers are not able to avail themselves of even the MSP declared by the central government. Why? Because there is absolutely no procurement by the Central Government or any of its agencies directly,” Mr. Dhawale said. The budget estimate for procurement of cotton by the Cotton Corporation of India under the price support scheme was ₹600 crore.

However, the revised estimate for the same year was just ₹0.01 crore, and the same money has been allotted in the current budget, indicating poor utilisation. The cotton technology mission has, however, been allotted ₹500 crore in the current budget with no spending at all under the head in the past two years. In fact, the contribution of the Textile Ministry in total expenditure in the current budget is just 0.1%. This has seen a marginal rise in allocation from 0.07% in the revised estimates of 2024-25 and in the actuals of 2023-24.

"They are not cutting down on the cost of production and on agricultural input costs," Mr. Dhawale said. Speaking about the need for technological upgradation, he said that such a move should be funded by the government and not be handed over to the corporations. He further reiterated the need for implementing the Swaminathan commission report recommending fixing support prices, 50% more than the comprehensive cost. He emphasised that state activity in agriculture must increase to alleviate the crisis among cotton farmers, and a technological advancement alone will not yield results.

Source: thehindubusinessline.com– Feb 05, 2025

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Bharat Tex 2025 to attract 6,000 international buyers, 5,000 exhibitors

Bharat Tex 2025, India's largest textile event showcasing the country's emergence as a premier textile manufacturing hub, is expected to attract over 5,000 exhibitors, 6,000 international buyers from 120 countries, and more than 1,20,000 visitors, per the Textiles Ministry.

Exhibitors at the event, from February 14-17 in New Delhi and Greater Noida, will showcase a wide range of products, including apparel, dyes & chemicals, machinery & equipment, home furnishings, technical textiles, handlooms, and handicrafts, a statement issued by the Textiles Ministry noted.

Bharat Tex will reaffirm the attractiveness of India as a reliable, sustainable sourcing destination as well as an investment destination at scale for textiles, Textiles Secretary Neelam Shami Rao said at the unveiling of the Bharat Tex 2025 app and website in New Delhi.

The app allows users to explore the latest developments and technological advancements in the entire textile value chain covering fibres, yarns, apparels & fashions, home textiles, handlooms, technical textiles, and intelligent manufacturing, the release stated

With over 70 conference sessions and discussions led by nearly 100 international experts, Bharat Tex 2025 will cover critical industry topics such as sustainability, investments, smart manufacturing, and future fashion trends. Participants can also look forward to a range of activities, including CEO roundtables, B2B meetings, live demonstrations, product launches, and fashion presentations.

"This event serves as a unique platform to highlight India's strengths in fashion, traditional crafts, and sustainability initiatives," Rao said.

Source: thehindubusinessline.com– Feb 05, 2025

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MSMEs see growth in business performance in December 2024 quarter: SIDBI Survey

Micro, Small, and Medium Enterprises (MSMEs) across the manufacturing, trading, and service sectors reported an improvement in business performance during the October–December 2024 quarter, according to a survey conducted by the Small Industries Development Bank of India (SIDBI).

Key findings indicate strong business confidence among MSMEs, particularly in the manufacturing sector, with optimism in sales, profitability, skilled labour availability, and access to finance for the coming quarters. The report also highlights a steady rise in digital adoption and sustainability initiatives across MSMEs.

The Manufacturing Business Confidence Index (M-BCI) recorded the highest confidence level at 60.33, followed closely by the Services M-BCI at 59.67. The Manufacturing Business Expectations Index (M-BEI) projects continued optimism for the next four quarters, with values exceeding 60 and manufacturing surpassing 70. This reflects bullish sentiment regarding sales, profitability, skilled labour availability, financial access, and overall business conditions.

A majority of MSMEs remain optimistic about sales growth, driven by positive trends in order books, production, and rising selling prices for the next quarter and beyond.

While manufacturing sector respondents anticipate an increase in input costs, nearly half expect improved profit margins over the next year due to higher production volumes and increased selling prices.

Labour productivity and skilled labour availability remain concerns, with one-sixth of respondents across all sectors expressing dissatisfaction.

However, expectations for improvement in these areas remain strong. Additionally, MSMEs are looking to the Indian financial system for support, with one-third of respondents optimistic that financial institutions will meet their rising working capital needs.

Employment levels remained steady in the October–December 2024 quarter, with most businesses maintaining their workforce. However, 30–40% of respondents plan to expand their workforce in the next quarter, with stronger hiring expectations in manufacturing and a more measured outlook in trading.

The adoption of digital platforms for sales and marketing continues to rise, reflecting a shift toward digital transformation among MSMEs.

SIDBI's First MSME Outlook Survey

"The MSME Outlook Survey is our latest initiative to bridge the data gap in the MSME sector. Through this survey, we aim to develop a lead-lag indicator in the form of the MSME-Business Expectations Index and MSME-Business Conditions Index, providing continuous insights into the sector's performance and business sentiment," said Manoj Mittal, Chairman and Managing Director of SIDBI.

This is SIDBI's first-ever MSME Outlook Survey, a quarterly assessment capturing industry trends and key performance indicators. About 1,200 MSMEs engaged in non-agricultural and non-financial activities—including manufacturing, trading, and services (excluding trading)—participated in the survey. The survey covered 77 cities (Tier 1, 2, and 3) and 66 villages across India. The fieldwork was conducted between November and December 2024.

Source: thehindubusinessline.com– Feb 05, 2025

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Bharat Tex 2025 app, website launched ahead of main event in New Delhi

The Bharat Tex 2025 app and website were recently unveiled by the Ministry of Textiles ahead of the second edition of the Bharat Tex 2025 event scheduled in New Delhi from February 14 to 17.

The app allows users to explore the latest developments and technological advancements in the entire textile value chain covering fibre, yarn, apparel, fashion, home textiles, handlooms, technical textiles, and intelligent manufacturing, a release from the ministry said.

The event, organised by 11 major textile industry bodies and supported by the ministry, is expected to attract over 5,000 exhibitors, 6,000 international buyers from over 120 countries, and more than 1,20,000 visitors.

Exhibitors will showcase a wide range of products, including apparel, dyes and chemicals, machinery and equipment, home furnishings, technical textiles, handloom and handicrafts.

Topics like sustainability, investment, manufacturing 4.0 and future fashion trends will dominate the agenda at the event.

Source: fibre2fashion.com– Feb 03, 2025

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CGST amendment on credit note: Compliance burden on suppliers may be higher

Tax experts have raised concern over the proposed amendment in the Central Goods and Services Tax Act, 2017 in the 2025-26 (FY26) Budget in respect of credit note that puts the onus on suppliers to ensure reversal of input tax credit (ITC) availed by the recipient in order to reduce their (suppliers') own tax liability.

Credit note is given by the seller to the buyer in cases of sales returns, discounts, and overbilling to reduce the amount payable by the buyer or adjust it against future payments.

According to the experts, till the time invoice management system (IMS) — an automated system to track and verify invoices issued by businesses to help them in claiming ITC, which was rolled out in October last year by the Centre — is made mandatory, there is no mechanism by which suppliers can check whether the recipient has reversed the corresponding ITC. Meanwhile, the experts are also ambiguous about the past transactions as the proposed amendment will not come into effect retrospectively.

In its 55th meeting held in December, the GST Council had approved amendment in sub-section (2) of section 34 of the CGST Act to explicitly provide for requirement of reversal of corresponding ITC in respect of credit note, if availed, by the registered recipient, for the purpose of reduction of tax liability of the supplier in respect of the said credit note.

"This issue pertains mainly to businesses that operate in sectors with trade discounts, volume-based incentives, and preferred dealership programmes. This amendment increases the unfair burden on suppliers to ensure recipients' compliance, which is beyond their control. This could be challenged in court," said Sudipta Bhattacharjee, partner with Khaitan & Co.

Vivek Jalan, partner with Tax Connect Advisory Services, said the government has provided no mechanism for the supplier to check whether the recipient has reversed the corresponding ITC. "It will remain an issue till IMS is seamlessly implemented and made mandatory. Almost all taxpayers who have been issuing GST credit notes for the last eight years have been under the government's vigilance and scrutiny," Jalan added.

Meanwhile, government sources also confirmed that this has been a persistent issue since the GST regime was implemented in 2017. The government has issued show-cause notices to several companies regarding this matter.

However, a senior government official said: “Earlier too, there was a general understanding that ITC will be reversed for the recipient in respect of credit note for the purpose of reduction of tax liability of the supplier. Now, the GST law is being amended to mandate the same. These are enabling provisions to facilitate implementation of IMS and to prevent future litigation."

According to the official, the IMS hasn't yet been made mandatory as the Centre wants businesses to get comfortable with it first.

However, as per experts, the day this amendment is made effective, IMS will become mandatory.

According to Rajat Mohan, senior partner with AMRG & Associates, the amendment could lead to disputes during audits and assessments, with tax authorities seeking to apply this retrospectively, thereby creating compliance issues for historical transactions. “Taxpayers may face demands for tax reversals, interest, or penalties for periods where they believed no obligation existed. The Centre should issue a clear circular stating that this amendment is prospective or retrospective in effect,” he added.

Source: business-standard.com– Feb 06, 2025

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