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INTERNATIONAL NEWS

US Firms Fear Vietnam Layoffs Amid Trump Tariff Crackdown

President Donald Trump's threats of reciprocal tariffs on U.S. trade partners have American apparel and footwear firms operating in Vietnam fretting over the stability of their businesses.

Nearly half of those entities, including two-thirds of U.S. manufacturers, believe they'll be forced to lay off workers in the event that the president imposes new duties on Vietnam-made products, according to a study released this week by the American Chamber of Commerce in Vietnam (AmCham). This, in spite of recent reports that players like Shein are swiftly shifting their manufacturing operations to Vietnam as Trump teases an end to de minimis treatment for shipments from China.

The group, which counts companies like Allbirds, Brooks, Caleres, Target, Nike, Victoria's Secret, Gap Inc. and Columbia Sportswear among its membership, found that uncertainty and unease are running high since Trump threatened to hit countries across the globe with duties equivalent to the ones imposed on U.S. exporters.

More than 100 firms were surveyed between Feb. 4 and Feb. 11, and 81 percent said they're concerned about what such a trade action could mean for their businesses. That number was even higher among manufacturing firms (92 percent).

"The survey results clearly indicate the significant anxieties felt by American businesses operating in Vietnam regarding potential tariffs," said AmCham executive director Travis Mitchell. "The concerns from our members range from operational disruptions and financial strain to potential job losses and broader economic repercussions."

More than three-quarters of AmCham survey-takers, including 94 percent of manufacturers, said new duties would put significant strain on their businesses, reducing access to the critical U.S. export market. "If these tariffs go through, it will be a major setback for our industry. We rely heavily on exports to the U.S., and additional costs will mean reduced competitiveness," one member said.

With bilateral trade between the U.S. and Vietnam reaching estimated $149.6 billion in 2024, according to the Office of the U.S. Trade Representative (USTR), the ramifications of large-scale trade disruption could be dire, AmCham members largely believe. More than 85 percent of respondents said they think Trump's reciprocal tariffs would harm Vietnam's economy, and over 65 percent said America's economy would be weakened, too.

According to AmCham, members expressed the belief that tariffs would drive down trade, disrupt long-term business partnerships and ultimately lead to price hikes for U.S. shoppers.

But according to Trump, the trade inequity between the two countries—along with Vietnam's high duties on American goods—must be addressed. Vietnam's trade surplus with the U.S. grew by a record 18 percent in 2024, with U.S. goods imports from Vietnam totaling $136.6 billion, up 19.3 percent ($22.1 billion) from the year prior. By contrast, Vietnam took in a fraction—just $13.1 billion in American products—and that number represented a 33-percent increase from 2023.

According to the World Trade Organization, Vietnam's average tariff rate on Most Favored Nation partners like the U.S. is 9.4 percent, while most Vietnam-made products enter the U.S. at a duty rate of around 2 percent under the U.S.-Vietnam Bilateral Trade Agreement.

Trump has refrained from publicly targeting Vietnam during his short-lived second term, but he called the country "the single worst abuser of everybody" in an interview with Fox News during his first stint in office.

Vietnam's government is not eager to see those sentiments reignited six years later. In a bid to ensure that Trump doesn't set his sights on the country's exports, Vietnamese trade minister Nguyen Hong Dien told U.S. Ambassador Marc Knapper last week that "Vietnam is ready to open its market and increase imports of agricultural products from the United States."

Officials in Hanoi are no doubt hoping to bridge the gap with Washington, but AmCham members aren't holding their breath for a positive resolution. More than two-fifths (41 percent) said they are considering diversifying their business away from the U.S. and redirecting their exports to other markets.

For the footwear and apparel sectors, which make up a sizable portion of Vietnam's GDP, divesting from the U.S. consumer market could be easier said than done.

The Vietnam Leather, Footwear and Handbag Association (Lefaso) said that Vietnamese producers exported a whopping $27.04 billion in shoes and leather goods last year, up more than 11 percent from 2023. North America took in 41.4 percent of the footwear and 47 percent of the handbags made in the country.

The association said it's forecasting those exports to grow by 10 percent in 2025 as the industry ups its quality standards and seeks to do more business with Japan, Europe, Canada and the U.S.

Meanwhile, the Vietnam Textile and Apparel Association (VITAS) said the sector hit its $44-billion export target in 2024, representing year-over-year growth of 11 percent. Now, the country's apparel industry has set its sights on a target of up to $48 billion.

According to data from the U.S. Office of Apparel and Textiles (OTEXA), Vietnam was the U.S.' second largest source of apparel imports to China in 2024, representing 18.9 percent of the nation's total imported clothing market share. That's a 5.6-percent increase from 2023.

So in spite of their concerns about possible duties, 94 percent AmCham members (and 98 percent of the manufacturing contingent) believe the country "remains a good place to do business." They pointed to its mature and growing infrastructure, its skilled workforce and its proximity to key markets.

Source: sourcingjournal.com– Feb 21, 2025

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The EU Wants Brands to Pay for Textile Waste

The European Union has moved one step closer to regulating textile waste—and making brands pay for it.

Textile producers, both based in or importing into the EU via e-commerce, would hold brands responsible for the entire life cycle of their products. That means they would be required to fund the collection, sorting and recycling of their products through extended producer responsibility (EPR) programs.

The legislation would see fees calculated based on the volume of quickly disposed-of clothing a brand puts into the European market. Negotiators had fast-fashion brands and ultra-fast e-commerce companies in their sights in the preliminary agreement reached Wednesday.

Ultra-fast-fashion online retailers such as Shein and Temu would be subject to the same obligations as traditional brick-and-mortar brands, but their direct shipping models could create a new layer of enforcement challenges.

The new provisions are meant to "ensure that producers contribute to the effective separate collection of textiles they produce," said lead negotiator Anna Zalewska. The EU generates 12.6 million tons of textile waste a year and imported 4 billion e-commerce ultra-fast-fashion packages in 2024.

The agreement is expected to be fully adopted and then advanced for a final vote. Companies would have 30 months from when the directive takes effect to have their programs in place, while small businesses of under 10 employees would have an additional year.

France's Anti-fast-fashion Bill Stalled

The EU agreement on targeting fast fashion comes as legislation targeting cheap imports stalled in France.

Widely called the "anti-fast-fashion" bill, the legislation was designed to target companies that import large volumes, such as Shein and Temu. It would have created a penalty of up to 10 euros for the most polluting disposable brands, as well as established a ban on advertising for these types of companies.

The bill had been passed by France's lower house National Assembly in March of last year and had been expected to be taken up by the Senate on March 26, but disappeared from the calendar without explanation.

The move followed Shein recruiting former French interior minister Christophe Castaner to its social and environmental responsibility committee last December. On Wednesday, a group of politicians and industry professionals highlighted the timing, calling it a "national scandal."

In a statement the group, including Vestiaire Collective cofounder and chief executive officer Fanny Moizant, French Federation of Women's Ready-to-Wear president Yann Rivoallan, Union of Fashion and Clothing Industries president Pierre-François Le Louet, along with French assembly member Anne-Cécile Violland and senator Sylvie Valente Le Hir, condemned the move.

The group said that cheap imports have "come at the expense of French businesses and communities" as former high street stalwarts including Camaïeu, Kookai, Naf Naf and Pimkie have gone into administration.

"We call on decision-makers to seize this unique opportunity to write this law into history as an essential turning point towards a more responsible fashion industry," the group continued, appealing to legislators to revive the bill.

The EU's Need to Address Import Loophole

In Brussels Thursday, the Circular Fashion Federation held a conference to address what it sees as shortcomings in the current EU legislation, including the exemption of direct clothing imports of under 150 euros from customs charges, the model used by Shein and Temu.

The CFF called on the EU to "level the playing field" to promote circular products.

Speaking on stage, Mikael Garellic, trade affairs officer for textile, clothing, leather and footwear at the EU Directorate General for Internal Market, said that the bloc imported 83 billion euros of clothing in 2023. Eighty percent of those imports originate in three countries, dominated by China, with Bangladesh and Turkey following.

"The high level of imports and over-capacity in some of our trading partners creates pressure," he said. Without a level playing field, or additional market incentives, companies that use circular textiles are stalled or have gone bankrupt, he said, posing a key challenge for the development of the sector.

The CFF's manifesto called for key structural changes, including ending the 150-euro exemption for ultra-fast fashion and to change the current taxes on secondhand products to equalize prices and make them more competitive.

The policy paper also called for a clear definition of companies that are considered ultra-fast fashion based on the quantity of items they put on the market, the time to market, the frequency and intensity of promotions, and those companies that have "excessively low" prices. Workers' rights should also be a key criteria, they added.

Recycling trade association EURIC president Mariska Boer added that consumption of textiles in Europe is expected to grow from 2.7 million tons a year in 2025 to 5.5 million tons by 2030.

The influx of cheap and poor-quality clothing is flooding the market and creates a double bind for waste management: both filling bins with textiles that are of such poor quality they cannot be reused, and also undercutting even secondhand clothing on price. Boer said that the continued increase in textile volumes and lack of true textile-to-textile recycling are major stumbling blocks for any solution at scale.

"EPR is not a silver bullet. It is not going to make our industry circular," she said. Even reuse of clothing is "still a linear system" resulting in eventual waste that is currently exported. The textiles that are currently recycled are generally post-industrial such as offcuts discarded in the manufacturing process, and not clothing. Boer called for commitments on using post-consumer waste in new garments.

"There needs to be a willingness on the side of the producers, maybe a little bit pushed by legislation, to really uptake and commit to using recycled textile content, because then it will also make sense to collect those discarded second, third, fourth-hand clothes," she said. Without putting clothing waste back into the supply chain recycling will continue to lack a business model for companies to stay afloat.

Panelists called for additional funding, particularly for start-ups, and stronger enforcement of the existing rules. Fairly Made founder and co-chief executive officer Camille Le Gal said that clear labeling and transparency would help brands better track their supply chains and help educate consumers. It led to pushback from audience members who believed that would cause an undue burden for small businesses, though Le Gal held up the example of France's labeling system as a viable model.

Fair Trade and a Sustainable Model

Chloé Ridel, member of European Parliament from France, addressed the common arguments against taxation—that it will raise prices for the average consumer and kill jobs in developing countries.

"It's not by delegating our production of textiles to Bangladesh or China that we are going to develop those countries. We are going to enrich big businesses taking advantage of the poor workers there, but we are not going to develop those countries by letting fast-fashion industry industries bloom there," she said. Instead the EU should fund infrastructure, health and educational programs.

Other panelists highlighted the need to promote the European textile industry, including linen and wool, to be more competitive in the global marketplace. Saskia Bricmont, member of the European Parliament from Belgium, addressed the U.S.-led global pushback on ESG, or environmental, social and governance, that is seeing companies withdraw from their previous pledges. She emphasized the bloc should keep its environmental commitments, outlined in an overarching framework called the Green Deal.

"Along with the industry, we have to keep pushing the [European] Commission and all the political groups to act together, because there will be no economic competitiveness of the European Union without circular economy, without sustainability," she said. "The Green Deal is the precondition of sound economy for the EU, especially now in the current geopolitical context."

Source: sourcingjournal.com– Feb 21, 2025

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Jan UK retail sales volume up 1.7% MoM; amount spent online drops 1.7%

UK retail sales volume is estimated to have risen by 1.7 per cent month on month (MoM) in January this year, according to the Office of National Statistics (ONS). This follows a fall of 0.6 per cent MoM in December last year.

It fell by 0.6 per cent quarter on quarter (QoQ) in the three months to January, but rose by 1.4 per cent year on year (YoY).

Monthly index levels in January 2025 were their highest since August 2024. Retail sales volumes rose by 1 per cent YoY in January.

The volume was down by 1.3 per cent compared with their pre-COVID-19 pandemic level in February 2020, an ONS release said.

Non-food stores—the total of department, clothing, household and other non-food stores—fell by 1.3 per cent MoM in January. Clothing retailers and household goods stores suggested the fall was because of reduced consumer confidence.

The amount spent online, known as 'online spending values', fell by 1.7 per cent MoM in January 2025. It fell by 4.8 per cent QoQ and rose by 0.8 per cent YoY in the three months to January 2025.

Total spend—the sum of in-store and online sales—rose by 2.6 per cent MoM in the month. As a result, the proportion of sales made online in the United Kingdom fell from 26.9 per cent in December 2024 to 25.7 per cent in January.

Source: fibre2fashion.com– Feb 23, 2025

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China issues action plan to stabilise foreign investment in 2025

China recently issued an action plan devised by the commerce ministry and the National Development and Reform Commission to stabilise foreign investment this year.

The plan emphasises encouraging foreign equity investment in the country to attract more high-quality foreign direct investment (FDI) in the country's listed companies.

China will lift restrictions on domestic loans for foreign-invested enterprises, allowing these firms to use domestic financing for equity investments, as per the plan.

It supports foreign enterprises to participate in China's new industrialisation, with a focus on high-tech fields.

It calls for clarifying standards for the government procurement of domestic products, and for measures to ensure products produced by enterprises of different ownership within China participate equally in government procurement activities, according to a state-controlled media outlet.

The plan was approved at a State Council executive meeting held earlier this month.

Meanwhile, the country's manufacturing sector utilised over 220 billion yuan ($30.3 billion) in foreign investment last year. China has completely lifted all foreign investment restrictions in the manufacturing sector.

In 2024, 59,080 new foreign-invested enterprises were set up in China—up by 9.9 per cent year on year. China attracted an annual overseas investment of over 1 trillion yuan ($139.5 billion) for three consecutive years from 2021 to 2023.

Source: fibre2fashion.com– Feb 22, 2025

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Texworld Apparel Sourcing Paris sees strong growth

The 56th edition of Texworld Apparel Sourcing Paris concluded on a high note, attracting more than 8,500 visitors and strengthening its position as Europe's top sourcing event for fashion textiles and clothing. Held from February 10 to 12, 2025, at the Paris-Le Bourget Exhibition Centre, the trade fair saw a 10 per cent increase in attendance compared to February 2024. Over 1,250 exhibitors from 32 countries showcased their products, making the event a key platform for business connections and industry insights.

Paris as a global sourcing hub

Texworld Apparel Sourcing Paris has become an essential meeting point for designers, buyers, and suppliers in the fashion industry. The event reinforced Europe's significance in global fashion, with the top five visiting countries being France, the UK, Italy, Spain, and Germany. Many international buyers returned after years of market adjustments, highlighting Paris's resilience in a shifting fashion landscape. While French buyer participation remained stable, the increased international presence underscored the city's enduring importance in global sourcing.

According to Julien Schmoll, Marketing and Communications Director at Messe Frankfurt France, the industry is undergoing a transformation, shifting from budget-focused products to higher-quality offerings. "We have redesigned our trade fairs to cater to mid-range market needs, ensuring a diverse, enriched, and cutting-edge selection at competitive prices," he said. The event provided an ideal environment for productive business discussions and trend analysis.

Growing interest in African sourcing

A major highlight of the event was the growing interest in African textile sourcing. Ethiopian manufacturers made strong connections with European brands, reflecting the region's increasing appeal as a sourcing alternative. Maryse Mbonyumutwa, founder of Rwandan sustainable manufacturing platform Pink Mango, engaged in promising discussions with European representatives. "We've had encouraging conversations with brands looking to collaborate locally," she stated.

Buyers and exhibitors reported three days of active engagement. Bangladeshi manufacturer NZ Denim met nearly all its European clients, including Celio, OKaïdi, Kiabi, and Jules. “The show allows us to discuss future materials directly with design teams,” said Najam Us Saqib, the company’s R&D manager. One innovation that drew significant interest was the naturally colored cotton, Ackala Coton, showcased during the Econogy Tour, a dedicated program highlighting companies committed to ecological and social standards in the textile sector.

A platform for all market segments

Texworld Apparel Sourcing Paris welcomed buyers across various market segments, from mainstream brands to haute couture. A materials manager from a major French clothing brand noted that the event provided opportunities to connect with Indian, Turkish, and Chinese suppliers while scouting materials for future collections. Haute couture designers Livia Stoianova and Yassen Samouilov of On Aura Tout Vu also explored options for an upcoming show production. “For a first visit, we discovered some very interesting and creative materials,” they said.

The next edition of Texworld Apparel Sourcing Paris is scheduled for September 15-17, 2025, at Paris-Le Bourget Exhibition Centre. The event will feature key sectors such as Avantex and Leatherworld, continuing its role as a vital marketplace for the fashion industry.

Source: fashionatingworld.com– Feb 22, 2025

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Egypt's clothing exports to the UK rise to $101 million in 2024

Experiencing significant growth, Egypt's clothing exports to the United Kingdom rose to $101 million in 2024. Representing a remarkable 53 per cent increase over the past five years, this growth signals a rising global demand for Egyptian-made garments.

This achievement also positions Egypt as the seventh-largest supplier of apparel to the UK, according to data released by the Ready-Made Garments Export Council. As per figures from the Central Agency for Public Mobilization and Statistics, Egypt's total clothing exports increased to approximately $2.526 billion in the first eleven months of 2024 from the $2.174 billion recorded during the same period in 2023. This not only highlights the robust growth of the Egyptian garment industry on the global stage but also demonstrates the strength of the Egyptian garment industry in the international market.

Currently, Egyptian companies are participating in the prestigious Fashion London exhibition, a key event in the international fashion industry. This platform brings together leading brands and designers, offering Egyptian businesses a prime opportunity to showcase their latest products and stay abreast of global fashion trends. At the exhibition, Egyptian firms are unveiling new designs specifically tailored for international markets and engaging in bilateral meetings with major importers, aiming to further expand their export reach.

Source: fashionatingworld.com– Feb 22, 2025

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MoU to boost Cambodia-Saudi apparel trade beyond $62 mn

Recently, Cambodia and the Kingdom of Saudi Arabia signed a memorandum of understanding (MoU) aimed at promoting trade relations between the two nations. Cambodia is a major garment-exporting country, but its garment exports have remained almost stagnant with limited market penetration. The MoU is expected to boost Cambodia's apparel exports to Saudi Arabia, which stood at $62.482 million between January and November 2024.

As a consumer-driven nation, Saudi Arabia imports various textile products alongside garments. However, Cambodia has had only a limited presence in the Saudi market.

Cham Nimul, Cambodia's Minister of Commerce, and Majid bin Abdullah Al-Kassabi, Saudi Arabia's Minister of Commerce and Chairman of the General Authority for Foreign Trade (GAFT), signed the MoU in Riyadh in the first week of this month.

Cambodia's apparel shipments to Saudi Arabia have remained largely stagnant in recent years. Exports were recorded at $61.104 million in the first 11 months of 2024, according to Fibre2Fashion's market insight tool TexPro.

An analysis of trade data by product type suggests that trousers and shorts were the most dominant garments in Cambodia's export basket. The country exported trousers and shorts worth $17.077 million, accounting for 27.95 per cent of total garment exports between January and November 2024. T-shirts followed with exports valued at $10.838 million (17.74 per cent), jerseys at $5.478 million (8.97 per cent), dresses at $5.197 million (8.51 per cent), and shirts at $4.267 million (6.98 per cent) during the same period.

Cambodia's total apparel exports to Saudi Arabia were valued at $60.568 million in 2023. Previously, the country exported apparel worth $68.700 million in 2022 and $68.685 million in 2021, according to TexPro.

Source: fibre2fashion.com– Feb 23, 2025

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Vietnam: Textile and garment sector sees export growth

Orders have already been booked through Q2, with some extending into Q3.

"Our company has secured significant orders for Q2 of 2025, setting a strong pace for the year," said Than Duc Viet, general director of Garment 10 Corporation.

Garment 10 is actively expanding its reach in both domestic and export markets, targeting traditional markets in the US, EU, and Japan while exploring opportunities in South Korea, China, and other Asian nations. The company underscored the sector's potential in 2024 by posting $187.9 million in total revenue and $5.26 million in pre-tax profit, up 10 per cent and 7 per cent on-year, respectively.

TNG Investment and Trading JSC revealed that many of its factories have locked in orders through Q2, with 46 per cent of exports headed to the US and 13 per cent to the EU. Song Hong Garment JSC directs over 70 per cent of its exports to the US and plans to expand production capacity by 25 per cent in 2025.

Meanwhile, Thanh Cong Textile Investment Trading JSC has successfully filled its Q1 orders and is actively fulfilling contracts for Q2. The company plans to develop a strategic business plan aimed at enhancing value for shareholders and investors, with primary export markets in Asia accounting for 68 per cent of its exports, followed by the Americas at 27.4 per cent and Europe at 4.2 per cent in 2025.

State conglomerate Vietnam National Textile and Garment Group reported that several subsidiaries have already received orders through Q3 of this year, with additional negotiations underway. To meet rising Spring-Summer demand, many companies have ramped up production schedules to ensure timely order fulfilment, sustaining the recovery momentum that began in late 2024.

However, challenges remain. According to SSI Research, the industry is expected to return to a compound annual growth rate of 13–15 per cent in 2025 – similar to 2015–2019.

Rising shipping costs are also a concern, with freight rates increasing by 3 per cent for Asia-to-US West Coast routes and 1 per cent for Asia-to-US East Coast routes, according to Eimskip, Iceland's leading shipping and logistics company. Transportation expenses are projected to rise by 10–15 per cent on-year, which may pressure profit margins despite a forecast 15 per cent revenue growth.

In 2024, Vietnam surpassed Bangladesh to become the world's second-largest textiles and apparel exporter, trailing only China, with total export revenues reaching $44 billion.

SSI Research notes that Vietnam's textile and apparel industry maintains a competitive edge thanks to tariffs 10–20 per cent lower than China's and significantly cheaper labour costs—less than half of China's, which rose 40 per cent from 2019 to 2023.

Vietnam's textile and apparel industry is poised for continued expansion in 2025, leveraging cost advantages, rapid production turnaround, and strong global demand while proactively managing rising logistics costs and adapting to shifting trade dynamics to solidify its position in the competitive international market.

Source: vir.com.vn– Feb 24, 2025

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Sri Lanka's apparel sector calls for digital VAT refund overhaul

Welcoming the latest budget in Sri Lanka, the Joint Apparel Association Forum (JAAF) recently expressed serious concern over the potential impact of a premature removal of the simplified value-added tax (SVAT) without a clear, well-tested alternative.

Ensuring a smooth and transparent transition from SVAT is crucial to maintaining the apparel industry's competitiveness and sustaining investor confidence, JAAF said.

Timely VAT refunds and a robust mechanism to prevent delays will be key to safeguarding liquidity for exporters, it stressed. The Forum was among those who had advocated a digitally-driven VAT refund solution with minimal human intervention, ensuring efficiency and transparency.

"A poorly managed transition could create cash flow constraints for exporters, disrupt operations, and damage Sri Lanka's reputation as a stable sourcing destination, especially at a time when global brands prioritise supply chain reliability," it said in a statement.

The apparel sector contributes over 40 per cent to total merchandise exports of the country. JAAF requested the government to work closely with industry stakeholders to ensure a seamless VAT transition, incorporating efficient digital refund processing mechanisms to prevent disruptions.

The proposed private sector wage increases should be coupled with the removal of the two Budgetary Relief Allowance Acts so that the National Minimum Wage becomes a consolidated value, including all allowances, it suggested.

"Clarity on tax administration, timely execution of trade facilitation measures, and continued focus on export competitiveness will be critical to meet the ambitious export targets," it was quoted as saying by domestic media reports.

Source: fibre2fashion.com– Feb 24, 2025

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Vietnam's PM asks ministries, industry, provinces to go green

Vietnamese Prime Minister Pham Minh Chinh recently issued an order to implement solutions to promote a circular economy; sustainable production, consumption and trade, energy conservation and efficiency; environmental protection; and adaptation to climate change to meet the European Union's (EU) green policies.

The official dispatch was sent to several ministries, people's committees of provinces and centrally-run cities, industry associations and companies.

Though the EU's green policies are a big challenge for Vietnamese exports, in the long term, proactively and comprehensively transitioning to a green economy will create numerous opportunities for businesses, helping them enhance competitiveness and expand the market for sustainable, green products with great potential, a domestic news agency reported citing the dispatch.

Therefore, it is crucial to accelerate the implementation of appropriate solutions to proactively respond to and meet these green policies, the dispatch stressed.

The order asked the ministry of industry and trade to intensify efforts to build and perfect policies, regulations, and standards that align with international commitments, regulations and standards on sustainable development and circular economy. The focus will be on ecological design, hazardous chemical and waste management and recycling to meet global standards.

The ministry of natural resources and environment will continue to develop and improve legal documents on environmental protection and climate change; organise the implementation of the national action plan on the circular economy; strengthen the making, perfection and implementation of policies and regulations on waste management and retrieval of discarded or expired products, and those aimed at reducing the disposal of hazardous waste in products in sectors heavily affected by the EU's green policies.

Source: fibre2fashion.com– Feb 22, 2025

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Bangladesh: Ease the congestion at Ctg port

We are concerned about the severe congestion at the Chattogram port, where import-laden containers, particularly those bound for the Kamalapur Inland Container Depot (ICD) in Dhaka, have piled up. The problem is reportedly caused by a shortage of locomotives running between the port and the Dhaka ICD. According to port authorities, at least four pairs of freight trains are needed daily to transport containers from the dedicated Chattogram Goods Port Yard (CGPY) to the Dhaka ICD.

However, the railway authorities have been operating only one or two pairs of freight trains on this route for over a month. The pressure on the port has been further exacerbated by the recent increase in imports ahead of Ramadan.

Additionally, the countrywide strike by Bangladesh Railway (BR) train crew in late January has also contributed to the congestion. If this issue is not urgently resolved, it will place immense pressure on the port in the coming days.

Reportedly, around 70 percent of the goods arriving at the port are for importers based in Dhaka and its surrounding areas. Of these, approximately three percent are transported by rail, while the rest are moved by road and river routes. It is unfortunate that the railway is struggling to transport even this small percentage of goods efficiently.

While the port can accommodate up to 876 TEUs (twenty-foot equivalent units) of Dhaka ICD-bound import-laden containers, as of February 19, it was handling more than double its capacity, with 1,818 TEUs being stored.

The situation is so dire that containers unloaded from vessels 15 days ago have yet to be loaded onto Dhaka-bound trains. Moreover, according to port sources, around 500 TEUs of Dhaka-bound containers are currently on several vessels waiting to dock at the port.

We, therefore, urge BR and Chattogram port authorities to address this issue without delay. While the shortage of locomotives due to the introduction of new train services is understandable, this problem cannot persist for months.

The railway authorities must make urgent decisions to run enough trains to transport the piled-up containers to Dhaka. Transporting at least 200 TEUs daily by freight trains could help alleviate the current congestion.

Additionally, port authorities should consider alternative solutions, such as delivering Dhaka-bound containers from the port yard or the Pangaon Inland Container Terminal in Keraniganj, to ease the congestion.

Source: thedailystar.net– Feb 23, 2025

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NATIONAL NEWS

Trump's tariff threats set to charge up India's FTA talks with UK, EU

India's free trade agreement (FTA) talks with the UK and the EU are set to get a firm push with high-level visits lined up this week in New Delhi even as US President Donald Trump's tariff threats have created uncertainty for the country's economic ties with Washington DC.

"The visits from UK's Secretary of State for Business and Trade, Jonathan Reynolds, and EU President Ursula von der Leyen are likely to speed up the ongoing FTA negotiations as the EU and the UK, too, have been at the receiving end of tariff threats from Trump. They want greater ties with other partners. India is a market which holds a lot of potential," a source tracking the matter told businessline.

FTA push

The UK Trade Secretary is expected to restart the India-UK FTA talks, which were launched under the Conservative government in January 2022, with a potential to double bilateral trade to an estimated $100 billion by 2030.

While the Labour Party took its time in examining the details of the negotiations, the wait seems to be over now.

"The UK is now very interested in pushing an FTA with India with PM Starmer himself hosting an Indian business delegation in December 2024.

The Trade Secretary met the delegation separately to discuss opportunities under the proposed FTA," the official said, adding that Trump's tariff threats to all trading partners had added to the urgency.

While the UK steel industry will be directly hit if Trump imposes 25 per cent tariffs on imports next month, many more products are at risk because of the US threat of including VAT in the calculation of reciprocal tariffs.

"In India's case, exporters of items such as textiles, food & beverages, agri products and leather, which are at risk from Trump's tariffs, may all gain from an FTA with the UK. India offers a big market for not only UK's automobiles and Scotch but also for other items such as meat products, chocolates, processed foods, cereals and even pharmaceuticals. So, an FTA can be a much-needed win-win," the first source said.

Last month, while announcing her India visit, the EU President had noted, without directly naming US and President Trump, that the world had entered a new era of "harsh geostrategic competition". Europe would keep seeking cooperation with its long-time friends and any country it shared interests with, she said.

"Europe and India are like-minded partners, bound by the shared conviction that democracy best serves the people. That's why one of the first visits of the new Commission is to India," Von der Leyen said on Friday.

Next Meeting

It is being hoped that following Commerce Minister Piyush Goyal's meeting with the EU Trade Commissioner on February 28, the next round of the India-EU FTA negotiations in Brussels on March 10-14 will get a sufficient boost.

"The EU is India's largest trading partner, accounting for €124 billion worth of trade in goods in 2023 or 12.2 per cent of total Indian trade, topping the US (10.8 per cent) and China (10.5 per cent)," per EU figures.

The US, however, is India's largest trading partner country, with bilateral trade estimated at $129.2 billion in 2024 by the US government.

Source: thehindubusinessline.com– Feb 23, 2025

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India, UK to resume talks on proposed trade agreement from Feb 24

After a gap of over eight months, India and the UK will resume negotiations for a proposed free trade agreement (FTA) here from February 24, an official said.

UK's Secretary of State for Business and Trade Jonathan Reynolds will be here for resumption of the talks. He will hold a bilateral meeting with Commerce and Industry Minister Piyush Goyal, the official said.

The India-UK FTA negotiations were launched on January 13, 2022.

Total 13 rounds of negotiations have been held till December 2023. The 14th round, which began on January 10, 2024, was underway when negotiations were paused by the UK side in May 2024 due to elections in that country.

The talks would resume the discussions from the progress achieved previously and seek to bridge the gaps for expeditiously closing the trade deal, the official added.

The agreement is aimed at boosting bilateral trade and investments.

In such pacts, two countries either eliminate or significantly reduce customs duties on maximum goods traded between them. They also ease norms for promoting trade in services and bilateral investments.

The Indian industry is demanding greater access for its skilled professionals from sectors like IT and healthcare in the UK market, besides market access for several goods at nil customs duty.

On the other hand, the UK is seeking a significant cut in import duties on goods such as scotch whiskey, electric vehicles, lamb meat, chocolates and certain confectionary items.

Britain is also looking for more opportunities for UK services in Indian markets in segments like telecommunications, legal and financial services, including banking and insurance.

The talks for the agreement may get an impetus as Finance Minister Nirmala Sitharaman has proposed to raise the foreign investment limit to 100 per cent in the insurance sector as part of new-generation financial sector reforms.

Presenting Union Budget 2025-26, the Finance Minister had said that foreign direct investment (FDI) limit for the insurance sector will be raised from 74 per cent to 100 per cent. The two countries are also negotiating a bilateral investment treaty (BIT).

There are 26 chapters in the agreement, which includes goods, services, investments and intellectual property rights.

The bilateral trade between India and the UK increased to $21.34 billion in 2023-24 from $20.36 billion in 2022-23. The average duty on goods imported from India into the UK is 4.2 per cent.

According to economic think tank GTRI, items including textiles, apparel (shirts, trousers, women's dresses, bed linen), footwear, carpets, cars, marine products, grapes, and mangoes would be benefitted from the pact as these products face relatively low to moderate tariffs in the UK.

Duties on yarn and fabric are 4 per cent, while tariffs on shirts, trousers, women's dresses, and bed linen range from 10 per cent to 12 per cent. Similarly, handbags and trunk cases attract 8 per cent tariffs, levies on footwear vary from 4 per cent to 16 per cent.

It has said that UK exporters would gain immediately after India eliminates high tariffs on most British products.

For example, the tariff on cars is 100 per cent and on Scotch whisky and wines it is 150 per cent. The simple average tariff in India on goods imported from the UK is 14.6 per cent.

The UK exported $2.7 billion worth of precious metals; and $374 million worth of Scotch and other alcohol into India during 2022-23. The United Kingdom is the sixth largest investor in India. The country has received $35.3 billion FDI during April 2000 and September 2024.

Source: thehindubusinessline.com– Feb 23, 2025

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Useful initiatives from CBIC to simplify trade for importers, exporters

Last week, the Central Board of Indirect and Taxes (CBIC) released its Customs Manual 2025, issued circulars regarding electronic filing and processing of Customs duty refund applications and furnishing single unified multi-purpose electronic bond to the Customs and notified the Customs (On -Arrival Movement for Storage and Clearance at Authorised Importer Premises) Regulations, 2025. The idea is to make the Customs processes easier to understand, simpler and more effective.

The CBIC Customs Manual 2025 explains in simpler words the role of the Customs, various legal provisions and gives the gist of relevant departmental instructions till February 1 and thus acts as a useful introductory guide and practical reference book.

All importers and exporters benefit with this updated version. In its next edition, the CBIC should consider giving references to relevant case laws that have acquired finality and enhance understanding of the nuances, so as to help compliances. The CBIC should also consider publishing a similar helpful manual for the Goods and Services Tax.

The new process of refund, which is optional till March 31, envisages filing refund application on ICEGATE, the Customs electronic portal, generation of application reference number (ARN) and on-line processes for scrutiny, communication and rectification of any deficiencies, sanction or rejection of refund claims and disbursements. The system of concurrent audit of refunds is now being replaced by post-audit. Option to request re-assessment of bill of entry is also being enabled through ICEGATE.

Henceforth, importers will have the option of furnishing a single bond electronically, instead of furnishing separate bonds, for provisional assessment, clearances under advance authorisation, EPCG authorisation etc., warehousing and manufacture in bonded warehouses.

The end-to-end digital solution now made available through ICEGATE enables electronic payment of stamp duty on the document, inclusion of additional obligations, on-line linking and verification of bank guarantee etc.

The circular on this new facility gives in detail several procedures such as digital stamping, execution of bond, linking of e-bank guarantee, formats of the multi-purpose bond, bank guarantee and supplementary bond for addition of new events and bond value, list of scenarios with purpose code etc.

This initiative to help the trade through the new multi-purpose bond processes is laudable but the CBIC should consider whether bonds are necessary at all when the relevant laws give the government enough powers to act against anyone in violation of the Customs or any other allied laws even in the absence of bonds.

The new regulations notified last week give the importers of items falling under certain headings in Chapter 85 of the Customs Tariff, having recognitions as Tier-II, -III Authorised Economic Operators, the option to move the imported goods to their 'authorised premises' before taking a call on whether to clear them for home consumption or deposit them in bonded warehouses.

Thus, in theory, the authorised importers can save on the costs of storing their goods at the container freight stations attached to the ports, airports, land Customs stations or inland container depots. How useful this option will be, in practice, is difficult to say. The new regulations will come into effect from a date to be notified by the government.

The CBIC deserves appreciation for its initiatives to simplify and digitise the import and export processes, improve transparency and adopt the best practices with a view to facilitate trade.

Source: business-standard.com– Feb 23, 2025

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India-ASEAN trade agreement review takes a slow pace

The next round of negotiations for reviewing the India-ASEAN free trade agreement in goods is expected in April, though the pace of talks is slow, an official said.

A free trade agreement in goods between India and the 10-nation bloc ASEAN (Association of Southeast Asian Nations) was signed in 2009.

The ASEAN trade deal came into force in January 2010. In August 2023, both sides announced a complete review of the existing agreement in goods by 2025.

"The pace of talks is slow," the official said.

ASEAN as a group is India's one of major trade partners with about 11 per cent share in the country's global trade.

The review of the agreement is a long-standing demand of Indian industry and India is looking forward to an upgraded pact which will address the current asymmetries in bilateral trade and will make trade more balanced and sustainable.

India is asking for the review to eliminate barriers and misuse of the pact.

ASEAN members include Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam.

India's exports to the 10-nation bloc ASEAN were $41.2 billion in 2023-24, while imports aggregated at $80 billion in the last fiscal. ASEAN accounts for 10.9 per cent of India's global trade.

Source: thehindubusinessline.com– Feb 23, 2025

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Trump to soon impose reciprocal tariffs on India, China; reiterates stance

US President Donald Trump has said that his administration will soon impose reciprocal tariffs on countries such as India and China, reiterating what he had said during Prime Minister Narendra Modi's recent visit to the US capital.

Trump was speaking at the swearing-in of Commerce Secretary Howard Lutnick on Friday when he made the announcement, reiterating what he told Prime Minister Narendra Modi last week during the latter's visit to the US capital.

We'll soon impose reciprocal tariffs because that means, they charge us, we charge them. Its very simple. Whatever a company or a country, such as let's say India or China or any of them, whatever they charge, we want to be fair ... so reciprocal. Reciprocal meaning, 'they charge us, we charge them', Trump said in Washington.

We haven't done that, we have never done that. We are getting ready to do it, he added.

Earlier on Tuesday, Fox News aired a joint television interview with Trump and billionaire Elon Musk when the president said that he made it clear to Prime Minister Modi that India will not be spared from Washington's reciprocal tariffs and emphasised that nobody can argue with me on tariff structure.

During the interview, Trump reiterated his stance on existing tariff structures between the US and its partners, including India. I told Prime Minister Modi yesterday - he was here - I said, 'Here's what we're going to do: reciprocal. Whatever you charge, I'm charging'," Trump said.

Hours before his bilateral meeting with Modi, Trump announced that the US will impose reciprocal tariffs on trading partners.

On Friday, Trump praised the newly sworn-in Commerce Secretary Howard Lutnick and said, Howard understands something about business.

President Trump also said how before Covid hit, the US had the greatest economy in the history of the world, and added, But tariffing is going to be very interesting and Howard's going to be in-charge of it.

Trump also cracked a joke about how 'tariff' was his favourite word once but he was forced to relegate it to fourth place after 'family', 'love' and 'God.' I think, let's put God first. You know why, because we don't want to take any chances.

I did that once, I said, 'tariff' is my favourite word. The fake news went out and they really got me and they said, 'What about God, family, relationship... a couple of words. And I said, 'You are right!', Trump said as others in the room giggled, So, now made it my fourth favourite word.

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

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Apparel exports to Spain grew 19.7% in April-January

Apparel exports to Spain registered a 19.7% growth for the April-January 2024-2025 period compared with the same period the previous year.

According to Mithileshwar Thakur, secretary general of the Apparel Export Promotion Council (AEPC), export of readymade garments rose 11.6 % during April 2024-January 2025 over the corresponding period the previous fiscal, “despite global headwinds, geo-political challenges and supply chain disruptions.”

Garment shipments to the U.S. rose 13.8% and to the U.K., the growth was 8.9%. Exports increased to Germany too. However, the highest growth was to Spain. “Substantial growth is visible even in old and new FTA partner countries such as South Korea, Japan, Australia, Mauritius and UAE.”

“Garment exports are growing in several new markets,” he said.

Sudhir Sekhri, chairman of AEPC, said the council planned to promote the global reach of Indian apparel by diversifying to newer and non-traditional markets through its export promotion activities in the financial year 2025-2026.

Source: thehindu.com– Feb 23, 2025

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Textile industry hopeful of processing parks taking off in Tamil Nadu

The Southern India Mills Association (SIMA) wanted to promote textile processing parks with marine discharge facilities in the coastal districts of Tamil Nadu and proposed two parks - one in 2005 and another in 2015. Both the projects remain non-starters.

“We are hoping for a solution soon and efforts are on to resolve the challenges that the two projects have faced,” said an industry source.

A park at Cuddalore was mooted in 2005 on 237 acres, with financial support from the Central and State governments. About 10 large textile units were to set up facilities and discharge treated effluents into the sea. “This is the viable solution and even now textile companies are interested in investing in the project,” the source said.

The Central government had approved the project under the Scheme for Integrated Textile Park.

Another park was planned in Ramanathapuram district on 250 acres and SIPCOT allocated land for this. The SIMA signed a Memorandum of Understanding (MoU) with the Tamil Nadu government in 2015 for the two parks. It planned ₹500 crore investment in each, generation of 10,000 direct employment and 15,000 indirect employment. The two facilities would be able to process almost 400 tonnes a day.

Though the Cuddalore project had all the government approvals it could not take off because of opposition from the local people. The Ramanathapuram park had not seen any progress, the source said.

The SIMA was working on measures to resolve the issues so that the projects could take off. With substantial quantity of yarn and fabric sent to the northern States now for processing, setting up the parks in Tamil Nadu would benefit the industry here, the sources added.

Source: thehindu.com– Feb 22, 2025

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India bets big on zero-waste fashion

India's formidable array of craft traditions got full play at the just concluded Bharat Tex 2025, the mega textile trade show in New Delhi that showcased the best of Indian weaves to the world. But if there was one theme that dominated this year's textile extravaganza, aimed at generating more exports, it was the focus on zero-waste fashions and upcycling. Everywhere the eye could see were standees and gigantic posters pushing the message of conscious consumption and sustainability — be it regenerative cotton, innovative models of textile waste collection, or eco-friendly fibres.

Taking centre stage at one of the halls at Bharat Mandapam, the venue, was a section that showcased age-old traditional arts like rafugari (creative darning or artistic mending), patchwork quilts and toys, and chindi durries (the art of weaving rugs and carpets with waste).

Juxtaposed against these ethnic ways of upcycling waste were the modern works of startups that rose to the textile ministry's grand innovation challenge to work with discarded materials. From microbial dyes that are non-polluting to flowing fashionable lehengas created out of textile waste, the startups showed that a lot can be done in this area. The ministry had challenges in three more segments — jute, silk and wool.

Some takeaways from a walk-through of the textile trade show:

Closing the loop

The fashion and textile industry generates enormous waste. How to cut down on this was a subject of much deliberation and showcases. There were a lot of good ideas on display, showing that a fair amount of work has been done with fibres (bamboo, banana, flax), as well as creativity and ingenuity in weaves and finished garments.

As Devangshu Dutta, Chief Executive of the consultancy Third Eyesight, points out, due credit must be given for the good work going into generating solutions that will reduce waste, be it textiles that are reprocessed and reused as yarn, or refashioned garments or reloved apparel. But, as he adds, on the other hand we have brands that are constantly looking to grow their business and there is a race to the bottom in terms of price. The relaunch of fast fashion retailer Shein in India is sending conflicting signals. “The basic engine is pumping out more and more products, and that has to be tackled,” he says, pointing to the competing forces at work.

The source of hope, he says, is the fact that the young are a bit more conservative about how they consume and what they consume.

Sandip Ghose, CEO of MP Birla Group, which has one of the oldest jute companies in India, was among the visitors at Bharat Tex. “As an industry insider, what I found good at Bharat Tex was that quite a bit of research seems to be on, both for finished fabric and for weaving. There was a lot of work on making jute look aesthetic. There were some vanity projects like tea leaves packed in jute bags. But the challenge is in two areas — commercialisation, and scaling up of these ideas,” he says.

He rues that the jute sector has not taken advantage of the production-linked incentive scheme at a time when the world is looking for eco-friendly and biodegradable textiles. “A tripartite partnership between the Centre (Niti Aayog and textile ministry), State government, and industry would address the issue of industry’s dependence on subsidies, labour issues and exports,” he says, adding that if India is looking at textiles as a major export area, jute is an option that has been missed.

Spinning into luxury

A clear trend evident from a tour of some of the apparel and home textile pavilions is the move towards premiumisation, similar to what is visible in other sectors, noticeably FMCG.

Talking to the manufacturers, especially those focused on the domestic market, the story one heard was that consumption had slowed in the mass segment, but was reassuringly strong in the premium segment.

Several players were also moving into the luxury and uber luxury segments. Both myTrident and Welspun had striking luxury collections.

Another trend visible in the home textiles section was the use of celebrity designers — myTrident’s eye-catching collection by resort-wear designers Shivan-Narresh; and Welspun’s beautiful sets from Kate Shand and Payal Singhal.

"When the economy suffers, it is the poor and middle class who cut down. There is no pressure to reduce consumption at the upper levels, and companies will try to tap into demand that is recession-proof," says Dutta, explaining the push towards luxury by textile manufacturers.

New trade routes?

Export houses seemed reasonably happy with the buyer interest. Some mentioned that it was interesting to see buyers from Russia at the fair. However, for those supplying to US entities and Western Europe, the buyer interest from Russia may not translate into deals, given the risk of sanctions they could face.

To sum up, it was a fairly good showcase of India's textile prowess to the world, but whether it will ring in more export orders is debatable as many of the problems and challenges the sector faces were swept under the carpet.

Source: thehindubusinessline.com– Feb 23, 2025

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At planning stage for greenfield expansion in India, says Trident CEO

Home textiles major Trident Group is charting out plans for greenfield expansion in India, which is gradually emerging as a quality and brand sourcing hub, while domestic consumption is also expected to multiply going forward, according to its CEO Samir Joshipura.

The group, which has earmarked Rs 1,000 crore capex for FY26 for sustainability, modernisation, and asset enhancement initiatives, is currently at a planning stage for its expansion plans in India and is likely to announce it sometime next year, he told PTI.

"We are in a planning phase, but year after, we are going to look at certain significant greenfield expansions...We have the scope of investing heavily, but we are not blindly going out...," he said.

Explaining the reasons for a studied approach, Joshipura said, "India is also at a phase where, at the macroeconomic level, global economic level, we are going through a transition as a country from so-called low-cost sourcing hub to a quality and brand sourcing hub.

Also, he said, "The domestic consumption story is putting India into another trajectory, not compared with other low-cost sourcing countries. We are also very conscious as to how the demand is going to switch from now till 2047, when India is going to become the third largest economy... and in which direction we need to invest."

Reiterating that the company is at "a planning stage" and it would be premature to announce now as the group is "considering quite a number of options", Joshipura said, "We would announce those expansions, hopefully sometime next year."

On the potential of the Indian market, he said the group's current business in the country is valued at "anywhere close to Rs 500 crore but this is going to increase significantly".

Out of the company's top line of around Rs 7,000 crore, he said textiles would be somewhere around Rs 5,500 crore to Rs 6,000 crore with non-India business accounting for around 85-90 per cent and the US being the biggest market.

"India is relatively very small market compared to the developed market like the US and Europe, but India is going to become a larger and larger market.. and early mover would definitely have an advantage," Joshipura said, adding there is a "huge vacuum in terms of brands in home textile segment" with only a few numbers of players in the domestic market.

Source: business-standard.com– Feb 23, 2025

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India's e-com market to rise to $550 bn by 2035: Report

The Indian e-commerce sector's market size is projected to rise to $550 billion by 2035, growing at a compounded annual growth rate (CAGR) of 15 per cent, while the country's retail market may reach $2,500 billion in ten years, with a CAGR of 6 per cent, a recent report has revealed.

The country's e-commerce market size stood at $125 billion last year. It is likely to touch $345 billion by 2030-end.

While favourable demographics, rising income, evolving consumer preferences, easy credit availability and brand consciousness are the key growth drivers of Indian retail, increasing Internet penetration, smartphone adoption, digital payment infrastructure and a young, tech-savvy population are driving the growth of the e-commerce market, the report jointly released by Anarock and ETRetail noted.

The share of organised retail is projected to increase from 12 per cent in 2023 to 17 per cent by 2035.

E-commerce growth in tier-2 and tier-3 cities is accelerating, with such cities making up over half of total shopping in the past couple of years, outpacing tier-1 markets.

Online shopping is expected to account for nearly 65 per cent of retail shopping by 2030.

Government initiatives like 'Digital India', omni-channel retailing and rapid improvements in the country's logistics and supply chain networks have further boosted growth prospects of e-commerce in the country.

Following the pandemic, digital penetration has been steadily increasing, with online retail accounting for approximately 8 per cent of total retail in fiscal 2023-24. This share is projected to further rise to 18 per cent by fiscal 2029-30.

Source: fibre2fashion.com– Feb 23, 2025

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