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IBTEX No. 28 of 2025 February 27, 2025

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INTERNATIONAL NEWS

The EU's Clean Industrial Deal is a Climate Contradiction, Critics Claim

The European Commission proposed mobilizing nearly $110 billion (100 billion euros) for European Union-made clean manufacturing efforts in support of the Clean Industrial Deal (CID).

Championed by European Commission president Ursula von der Leyen, the landmark initiative would cut through the reported rep tape holding companies back from investing in green energy. Attempting to tackle the "fierce and often unfair" global competitiveness, the comprehensive strategy would accelerate decarbonization while securing Europe's industrial edge.

"Europe is not only a continent of industrial innovation, but also a continent of industrial production. However, the demand for clean products has slowed down, and some investments have moved to other regions," von der Leyen said. "We know that too many obstacles still stand in the way of our European companies from high energy prices to excessive regulatory burden. The Clean Industrial Deal is to cut the ties that still hold our companies back and make a clear business case for Europe."

Notably, the comprehensive strategy explicitly links decarbonization with re-industrialization, framing sustainability as both economically and ecologically wise.

"This pact aims to position Europe as a world leader in clean industries—from boosting our production 'made-in-Europe' to beefing up regulatory and financial support to our most strategic industrial supply chains," Stéphane Séjourné, executive vice president for prosperity and industrial strategy, said. "It also secures our unique European model of setting decarbonization not only as an environmental goal, but also as our economic growth strategy."

The other main vein the CID would hit? The EU's strategic independence. The initiative wants to position Europe as a global leader in clean industries, effectively driving internal economic growth and reducing reliance on external suppliers. Granted, this would require substantial

investments made into clean technology as well as simplified regulatory frameworks. More strategically used public procurement to stimulate consumer demand for sustainable goods, too.

“Europe needs to be cleaner, more competitive and self-sufficient,” said Wopke Hoekstra, the European commissioner for climate, net zero and clean growth. “The Clean Industrial Deal is our business plan: a decarbonization strategy that re-industrializes Europe, driving competitiveness and boosting strategic independence. We’ve got a plan, and we’re putting it into action, starting today, to ensure a prosperous European future.”

That plan also includes positioning the EU as a circular economy world leader by 2030, as evident by the commission’s alleged adoption of a Circular Economy Act (CEA) in 2026. This would accelerate the circular transition, ensuring that “scarce materials are used and reused efficiently” while reducing Europe’s “global dependencies” and creating high-quality jobs to boot. The aim is to have 24 percent of materials circular by 2030, according to the European Commission.

While this act would theoretically do those things—which ultimately boil down to healing the planet and the economy—a few other things need to happen first.

Those things include lowering energy costs, boosting demand, securing funding and investment, promoting circularity, acting globally, and ensuring a skilled workforce—ultimately cutting red tape and effectively “exploiting the scale of the single market,” per the European Commission’s CID roadmap. That would require heavier lifts, such as streamlining the permitting processes for clean energy projects and harmonizing carbon accounting methodologies, among others.

“Today, Europe is making a bold business case for decarbonization as a driver of prosperity, growth and resilience. By committing to delivering on the Green Deal climate objectives, we are setting the stage for a sustainable future,” said Teresa Ribera, the European Commission’s executive vice president for clean, just and competitive transition. “Our plan provides the stability and confidence investors need—unlocking capital, expanding clean tech markets, making energy more accessible and ensuring a fair, competitive landscape where businesses can thrive. But it’s also about people. This strategy is designed to create jobs, develop skills, and open opportunities for all Europeans.”

Part of that, however, includes the loosening of sustainability reporting rules. The argument for doing so hinges on the symbiotic nature of the aforementioned twin decarbonization and re-industrialization perspective.

And though the CID aims to maintain the ambitions of the European Green Deal, critics are concerned with "unacceptable concessions to polluters" under the guise of competitiveness, arguing that striking a balance between environmental ambitions and economic competitiveness is not just a losing game—it's rigged.

The European Environmental Bureau (EEB) expressed concerns that the deal includes "dirty concessions" to polluters and weakens the holistic approach of the Green Deal. The federation of environmental citizens' groups across the EU broke down the pros and the cons (and the rest) in a statement released earlier today.

The good? It's a strong tool for industrial decarbonization efforts as it "reinforces to key drivers for transforming energy-intensive industries: electrification with renewables, and circularity." The bad? Limited in scope, the CID frames "productivity growth" as the only priority—while "treating energy-intensive industries as an exclusive club, deserving all EU political and financial support."

"A 'clean' deal that ignores pollution is a contradiction," the EEB continued. "The chemical industry escapes scrutiny, with no plans to detoxify, monitor or clean up its processes and sites. Europe must also prioritize zero-pollution and toxic-free manufacturing capacity."

The rest? Oscillating between being either too nebulous or too narrow, the EEB called out the deal's overarchingly excessively vague language and lackadaisical goalposts.

"EU policymakers seem increasingly detached from the triple planetary crisis we are facing," Christian Schaible, head of zero pollution industry at the EEB, said. "The so-called 'Clean' Industry Deal focuses on decarbonization but overlooks broader pollution and environmental responsibility, failing to show how the EU can lead by example."

Other nongovernmental organizations, globally, had similar reactions. While some see the CID as a simple balancing act, others are considering the vertigo. Zero Waste Europe, for one, argues that the CID falls woefully

short of fully leveraging the potential the circular economy has for the much-needed economic transition.

"The Clean Industrial Deal sets a high-level framework that does not go far enough in unlocking the potential of the circular economy," said Aline Maigret, head of policy at Zero Waste Europe. "Circularity measures, and the [CID] in particular, should serve as a guiding compass for transforming how we consume and produce, empowering communities, and building resilient economies through job creation in circular sectors. The impact of the CID will hinge on the details that emerge next."

That said, the civil society organization saw significant public funding on the horizon: what Zero Waste Europe is taking as a good indication of transparency and inclusivity's relevance.

"The Clean Industrial Dialogue on circularity is a welcome step—provided civil society has a seat at the table, and such a dialogue is expanded to all CID topics," Maigret added.

Source: sourcingjournal.com– Feb 26, 2025

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US Senators push bill to counter unfair foreign trade practices

US Senators Todd Young (R-Ind) and Tina Smith (D-Minn) have introduced the Leveling the Playing Field 2.0 Act, aimed at fortifying US trade remedy laws against unfair foreign trade practices.

The legislation seeks to provide stronger tools to counteract trade circumvention tactics, particularly those linked to China’s Belt and Road Initiative (BRI), which subsidises China-based companies operating in foreign markets.

The bill was initially introduced in 2023 by Young and former Senator Sherrod Brown (D-Ohio) as an update to the original Leveling the Playing Field Act, enacted in 2015. That law addressed the persistent challenges posed by unfair trade practices, and the new bill expands on its foundation by introducing the concept of ‘successive investigations.’

American industries have been significantly impacted by what lawmakers describe as predatory trade behaviours from China. These include 'country hopping,' where Chinese-supported companies move portions of production to other countries to circumvent US trade duties, and subsidies under China’s Belt and Road Initiative that benefit production in other countries. Lawmakers argue that these practices have led to serious economic consequences for American workers and businesses.

The Leveling the Playing Field 2.0 Act aims to curb such actions by giving the US Department of Commerce enhanced authority to conduct anti-circumvention inquiries with stricter timelines and broader investigatory powers. The bill establishes ‘successive investigations’ under antidumping (AD) and countervailing duty (CD) laws, allowing expedited action against repeat offenders. It streamlines the process for filing trade complaints and sets clear deadlines for anti-circumvention inquiries.

It also expands the Commerce Department’s authority to apply CVD laws to foreign subsidies provided to companies operating outside their home country. Additionally, it strengthens review processes within the International Trade Commission to assess links between prior and current trade disputes involving the same imported goods.

Advocates argue that closing loopholes in US trade laws will help prevent market distortions that harm domestic manufacturers in industries.

"Our bill will protect American jobs and combat China's unfair trade practices. China has distorted the free market by dumping undervalued products and subsidising industries, actions designed to harm American businesses and workers. This legislation will help level the playing field to ensure the United States can outcompete the Chinese Communist Party," Senator Young stated in a press release.

"For too long, foreign competitors like China have engaged in unfair trade practices that have undermined domestic industry and threatened our national security. This legislation provides more tools for the US to stop illegal dumping and subsidies that have made it impossible for domestic producers and workers to compete. I'm glad to introduce the Leveling the Playing Field Act 2.0 with Senator Young to protect American workers like Minnesota's Iron Rangers," said Senator Smith.

The bill has received backing from some of the major American industry groups.

Along with Senators Young and Smith, US Senators Tommy Tuberville (R-Ala), Amy Klobuchar (D-Minn), Lindsey Graham (R-SC), Ruben Gallego (D-Ariz), Tom Cotton (R-Ark), Tammy Baldwin (D-Wis), Roger Wicker (R-Miss), Jon Fetterman (D-Pa), Jim Banks (R-Ind), Elizabeth Warren (D-Mass), Eric Schmitt (R-Mo), Kirsten Gillibrand (D-NY), Bernie Moreno (R-Ohio), and Katie Britt (R-Ala) also co-sponsored the legislation.

Source: fibre2fashion.com– Feb 26, 2025

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Trump's New Trade Czar, Jamieson Greer, Confirmed as USTR

There's a new trade czar in Washington.

President Donald Trump's pick for U.S. Trade Representative, Jamieson Greer, was confirmed at a hearing on Wednesday morning by a vote of 56 to 43, with 51 Republicans voting in favor, alongside just five Democrats.

Greer, the one-time chief of staff to former USTR Robert Lighthizer, was nominated in November by then President-elect Trump, who credited him for playing "a key role" in the rollout of Section 301 duties on China during Trump's first administration, as well as helping along negotiations of the U.S.-Mexico-Canada Agreement (USMCA).

Greer is expected to be instrumental in carrying out Trump's ambitious (if unorthodox) trade agenda, which centers on the leveraging of duties to address trade deficits and political objectives. This time around, though, the tariffs aren't limited to China, or even America's adversaries.

Trump reiterated his plans to levy duties on Mexico and Canada on Wednesday during his first cabinet meeting, telling reporters that the new taxes will go into effect on April 2. The 25-percent tariffs were slated to go into effect on Feb. 2, but were deferred for a period of a month to allow for negotiations with respective heads of state. Recently confirmed Secretary of Commerce Howard Lutnick jumped in following Trump's remarks, saying that the 30-day deferral period still stands.

Trump also said during the meeting that he plans to levy 25-percent duties on the European Union's "cars and all other things," saying that the 27-country bloc was "formed to screw the United States."

The muddying of messaging—and messengers—has become a signature of Trump's short time in office. Lutnick has taken on an outsized role in promoting Trump's tariff scheme thus far, given the president's notion that it will benefit the U.S. economy and help pay for income tax cuts and reductions to corporate tax rates.

But with Greer now at the helm of the federal government's foreign trade policy body, it's yet to be seen whether his influence will temper or turbo-charge the president's tariff ambitions.

Democrats, who largely stood up against the nomination, have worried aloud that a blanket approach to duties will harm, not help, American industry and consumers. “More and more Americans are rightly worried that tariffs are going to drive more inflation,” Sen. Ron Wyden (D-Kan.) said during a speech on the Senate floor.

Wyden also pointed to a growing concern that U.S. agriculture will suffer as international partners hit back at the high duties by restricting trade. “If this trade war continues, there’s no doubt many U.S. workers, farmers and ranchers are going to lose their jobs when our trading partners retaliate and slap tariffs on ‘Made in the USA’ products.”

Sen. Rand Paul (R-Ky.), the only member of the GOP to oppose Greer’s confirmation, is among a small but vocal contingent of Republicans to oppose Trump’s trade policy. “Tariffs are simply taxes. Conservatives once united against new taxes. Taxing trade will mean less trade and higher prices,” he tweeted earlier this month.

Industry advocates and trade advisors were predictably circumspect in their remarks about the appointment, with many evincing a trepidatious hopefulness that Greer, a USTR veteran, might adhere to established processes instead of shooting from the hip.

“Jamieson’s confirmation represents some hope for the industry that he can bring order and process to the President’s trade and tariff announcements because as a long-time trade lawyer, he is interested in fulfilling the various trade laws’ requirements like taking public comments,” Akin-Gump senior counsel for trade policy Josh Teitelbaum told Sourcing Journal.

“But, his fidelity to the law should not be confused for moderation. He is not a moderate,” the D.C. lawyer added. “He is still a trade hawk who takes the challenge with China especially seriously and will be forward leaning in using tariffs as a tool to accomplish the Administration’s trade goals.”

Footwear Distributors and Retailers of America (FDRA) CEO and president Matt Priest said the president appears to be “reconfiguring the way trade is dealt with” during his second term, and that there may be “some growing pains” when it comes to figuring out who within the administration “is going to be in charge of what.”

"Right now it seems like at least optically, Commerce Secretary Lutnick has been at the forefront of organizing and leading the policy around trade, and in particular, tariffs," he said. Characterizing the USTR as "a small agency often stretched to its limits," Priest said he's hopeful that Greer's experience within the trade arena and the building itself will help him drive productive advancements in trade policy. "Whether you are negotiating free trade agreements globally under an Obama or Bush administration, or you are negotiating concessions to tariff threats under a Trump administration, it is an active agency," he said.

Given Greer's pedigree, though—and his allegiance to the president—he said he believes it's unlikely that the new USTR will push back against Trump's tariffs. "President Trump calls the shots. This is one of his core policy initiatives. It is top of mind for him at all times, so I think he'll be the decider no matter who's in these positions," Priest said. No matter who's in office, America's premier trade negotiator is unlikely to give up any policy tool that they view as instrumental to advancing American interests, the FDRA lead also said. Former USTR Katherine Tai did not roll back Trump's Section 301 duties during President Joe Biden's administration. "The China tariffs are, in my view, a significant piece of leverage—and a trade negotiator never walks away from leverage," she said in 2022.

"Negotiating leverage is not something they want to give away. They don't want to lower tariffs without getting something for that," Priest added. However, he believes that Greer and the administration more broadly may be more bullish about seeking out trade deals, especially in the form of bilateral trade agreements, than their predecessors. "I do think after having four years of almost zero trade engagement of substance, there's going to be a more active trade landscape, and maybe some opportunities for us," he said.

Steve Lamar, president and CEO of the American Apparel and Footwear Association (AAFA) underscored the hope that productive new trade deals could be formed, and old ones strengthened, under Greer's stewardship of the trade agency. "The Office of the U.S. Trade Representative is a critical agency, and this position is much needed in a time of trade turbulence and trade policy re-assessments," he said. "We look forward to Greer's insights on the benefits of trade for the economy and why we must encourage bipartisan support to champion global trade, including both the crucial exports of U.S. goods and the imports of diverse and ethically-made products."

Lamar said AAFA hopes to see the administration focus on the "benefits of incentivizing investment in key regions to generate long-term prosperity and stability and mitigate illegal migration." Textile and apparel manufacturing are industries that can generate significant economic opportunity in regions like Central America, Haiti, and Africa, creating long-term economic stability under the right conditions.

Calling the USTR's experience in the space "welcome," Lamar said the Washington trade group would like to see Greer "help reinvigorate Congress to reactivate and renew beneficial trade agreements and trade preference programs that leverage U.S. economic objectives while promoting predictable market access."

Meanwhile, representing U.S. textile producers, National Council of Textile Organizations (NCTO) president and CEO Kim Glas said she strongly supports Greer's confirmation and hopes the nation's manufacturers will see the benefits of certain elements of Trump's trade strategy.

"We look forward to working with Jamieson Greer, who was confirmed by the Senate as the next U.S. Trade Representative today. This is welcome news to the U.S. textile industry, which has faced economic headwinds that have led to 27 textile plant closures in the past 20 months," she said.

A longtime critic of trade policy, like the de minimis exception, which has allowed Chinese firms to gain an upper hand with American shoppers to the detriment of domestic industry, Glas said the group is "excited to work with the entire Trump administration to address these pervasive predatory trade practices."

The NCTO lead has, however, been critical of Trump's plans to slap allies like Mexico and Canada with new duties, given the growing trend toward nearshoring and onshoring that is helping to bolster business across the region. She said the group aims to work with Greer and leaders in the space to promote "policies that bolster and expand this strategic supply chain, preserving our U.S.-Western Hemisphere production chain."

Source: sourcingjournal.com– Feb 26, 2025

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ZCE cotton rises slowly after the Spring Festival, key factors to monitor in the future

After the Spring Festival, ZCE cotton futures market has been increasing slowly. As of February 24, the closing price of the ZCE major cotton contract had increased by 175yuan/mt compared to the last trading day before the Spring Festival.

However, cotton prices declined somewhat at the beginning of February, and the increase in ZCE cotton became more noticeable between February 11 and February 18. So far in February, the major cotton contract has seen an increase of over 100,000 lots in open interests, with this increase primarily concentrated between February 11 and February 18.

On February 11 alone, there was an increase of nearly 70,000 lots, and this part of the increase has absorbed the hedging pressure in the 13,750 to 13,900yuan/mt range, which was relatively favorable for the industry.

The main reasons for the continuous rise in ZCE cotton in February are as follows:

Date	Closing price of ZCE May contract	Chinese cott on 3128	Cotton yarn 32S	Cotton grey f abric 32S
Jan 27, 2025 (Last trading day before the Spring Festival)	13690	14230	20710	6.7
Feb 24, 2025	13865	14485	20910	6.75
Change, yuan/mt/yuan/m	175	255	200	0.05
Change%	1.30%	1.80%	1%	0.70%

1. The negative factors brought about by Trump's presidency have settled.

Before Trump took office, the industry was cautious about the policy risks he might bring. During the Spring Festival, Trump had already raised tariffs, continuing to impose additional tariffs on our export products and canceling the tariff exemption for small goods valued at $800.

However, due to the prior Xinjiang cotton ban, the new tariffs imposed by Trump had limited actual impact on the cotton industry chain. Therefore, cotton prices did not experience a significant panic decline.

On February 7, Trump signed an executive order temporarily restoring the tax exemption for small packages from China. After the farce at the beginning of February, the negative factors stemming from Trump's presidency have settled. The continuous rise in the box office for "Ne Zha 2," along with the upward trends of technology stocks and related shares led by Deepseek and Unitree, has created a relatively optimistic atmosphere for the domestic macroeconomic environment. The pessimistic sentiment has dissipated, laying a certain foundation for the gradual rise in cotton prices.

2. Good industry status

Although new orders in downstream industries have not been satisfactory since the Spring Festival, the orders received before the festival are still allowing for the continued movement of grey fabric, and the inventory of cotton yarn is not high, resulting in minimal pressure.

Overall, the industry status remains good, with no significant inventory pressure. Additionally, the regular resumption of production after the Spring Festival is gradually increasing the operating rates of downstream mills. There is a fundamental demand for cotton from downstream spinning mills, so there are no obvious negative factors in the industry.

3. Increase in ICE cotton futures

Since January 2025, the US cotton export sales have been relatively good. Although export sales to China have not been strong, demand from countries such as Vietnam, Pakistan, and Bangladesh has been robust, resulting in a progress in US cotton export sales that, while slower year-on-year, is not significantly behind. On February 16, the NCC released its survey on planting intentions for US cotton in the 2025/26 season, indicating that the intended planting area is 9.557 million acres, a decrease of 14.5% year-on-year.

Currently, there are no significant negative factors in the fundamentals of US cotton, and the US dollar index continues to weaken. Consequently, the increase in ICE cotton from February 11 to 18 has also positively influenced ZCE cotton. However, after this period, ICE cotton declined, while ZCE cotton is relatively strong compared to ICE cotton.

What are the factors that will impact cotton prices in the later stages? Following are several key aspects to consider:

1. Situation in traditional peak season

As March approaches, the situation during the traditional peak season will determine the continuity of downstream operations in the industry and will also influence the short to medium-term movement of cotton prices. A short-term marginal improvement in domestic sales occurred from late March to mid-April in 2024. If this year's domestic sales align well with temperature trends, the timing of the marginal improvement may be similar to that of 2024. Currently, the market lacks sufficient confidence in the traditional expectations for the "golden March and silver April." Attention should be paid to whether these expectations are confirmed or disproven later on. If the improvement in downstream demand is not significant, cotton prices will still face pressure; however, if there is a gradual improvement in downstream demand, there is a possibility that cotton prices may rise further.

2. Hedging pressure

In February, the increase in ZCE cotton absorbed the hedging pressure in the range of 13,750 to 13,900yuan/mt. There remains considerable hedging pressure at levels of 14,000 or even above 14,200yuan/mt, and this pressure is still substantial. If downstream demand is strong, it could help ZCE cotton gradually absorb the remaining hedging pressure, thereby reducing the "burden" on cotton prices. Conversely, if downstream demand is poor, the hedging pressure will be large.

3. Expectations for 2025/26 U.S. cotton production

Currently, the expected cotton production in Brazil for the 2025/26 season is relatively high, while the expected planting area for cotton in China is expected to increase steadily, but the growth rate is not significant. Global cotton supply is still expected to be relatively ample. However, the expected planting area for U.S. cotton in the 2025/26 season is projected to decline. Attention should be paid to the USDA's future forecasts; if the U.S. cotton planting area aligns closely with the NCC expectations and the weather in the main cotton-producing regions is average, there could be medium- to long-term positive drivers for ICE cotton. Conversely, if the weather in the main cotton-producing regions is favorable, the upside for ICE cotton may be limited.

In summary, the easing hedging pressure in China, low product and feedstock inventory in downstream mills and expected decline in the planting area for new U.S. cotton is beneficial for raising the price. However, it is still necessary to monitor the performance of the traditional peak season in March and April; if the performance during this peak season is poor, there is a risk of short-term price corrections for cotton. At the same time, although the main hedging pressure remains at 14,000 or even 14,200yuan/mt and above, if the downstream performance is not satisfactory, it is also important to observe whether this pressure diminishes over time.

Source: ccfgroup.com– Feb 26, 2025

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UK retail faces potential loss of 160,000 part-time jobs: BRC

The British Retail Consortium (BRC) has issued a stark warning about the potential impact of rising employment costs and upcoming regulatory changes on part-time jobs in the retail sector. With retail standing as the UK's largest private sector employer, these changes could have a profound effect on local economies and job opportunities, particularly for students, parents, and seasonal workers.

According to the BRC, there are currently over 1.5 million part-time jobs in retail, accounting for just over half of all employment in the industry. However, up to 160,000 of these roles could be at risk over the next three years due to increasing employer costs.

Measures introduced in the latest Budget, including higher employer National Insurance Contributions (NICs) and the National Living Wage, are set to add an estimated £5 billion (~$6.35 billion) to retailers' labour costs in 2025 alone.

A major concern is the reduction in the employer NICs threshold, which will see businesses taxed for employees earning more than £5,000 (~$6,350) annually, down from the current level of £9,100 (~$11,557). This shift will disproportionately impact part-time workers, making it significantly more expensive for retailers to maintain their current workforce levels. Proposed amendments under the Employment Rights Bill could further limit firms' ability to provide local, flexible jobs, exacerbating the issue.

The retail sector serves as a crucial entry point into the workforce for young people, with nearly one-fifth of retail employees under the age of 25. The loss of part-time and entry-level jobs could make it significantly harder for students and young workers to gain valuable work experience and financial support during their studies, BRC said in a press release.

In response, the BRC has launched its 2025 Manifesto for Retail, outlining measures aimed at fostering growth, supporting employment, and ensuring sustainability across the industry. The organisation is calling on the government to reconsider policies that could jeopardise thousands of jobs and disrupt the retail workforce at a critical time.

"Retailers face a mountain of costs from the Budget and while they continue to absorb costs where they can, higher prices and job losses are inevitable. If the government can find ways of mitigating the £7bn of costs facing the industry this year, as well as ensuring a pragmatic approach to the Employment Rights Bill that focuses on tackling unscrupulous employers, protecting employees while supporting employment, then many jobs would be saved," said Helen Dickinson, chief executive at the British Retail Consortium.

Source: fibre2fashion.com– Feb 27, 2025

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Ghana's GEXIM reaffirms support to textile- garment industry players

Sylvester Mensah, acting chief executive of the Ghana Export-Import Bank (GEXIM), recently reaffirmed the bank's commitment to supporting the country's textile and apparel industry in line with the government's 24-hour economy policy aimed at job creation and economic growth.

Mensah said this while accompanying minister of trade, agribusiness and industry Elizabeth Ofosu Adjare on a visit to the manufacturing units of Dignity DTRT Limited and Tex Styles Ghana Ltd in Accra and Tema respectively.

Adjare reiterated the government's commitment to collaborating with the private sector to drive industrialisation and enhance exports. She assured stakeholders of the government's efforts to create a business-friendly environment that encourages industries, according to domestic media reports.

"We are willing to assist the garment sector as much as we can to enable them to create the needed jobs and to export. We commend your efforts and will support you in replicating this business model in other regions to generate more employment," she said.

Prior to the working tour, Adjare and GEXIM's management held a meeting with key industry players in Accra to discuss strategies to enhance the sector's contribution to job creation and economic growth.

Source: fibre2fashion.com– Feb 26, 2025

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Polish retail sales of textiles, clothing, footwear up 8.8% YoY in Jan

Retail sales at constant prices in Poland rose by 4.8 per cent year on year (YoY) in January this year compared to a YoY increase of 3.2 per cent in the same month last year. It decreased by 17.3 per cent month on month (MoM) in the month.

Retail sales at constant prices of textiles, clothing and footwear rose by 8.8 per cent YoY in the month.

Online retail sales at current prices increased by 9.4 per cent YoY in the month.

The share of online sales in total sales increased in the month to 9.1 per cent from 8.8 per cent in the corresponding month last year, a release by Statistics Poland said.

Among the presented groups with a significant share of sales via internet an increase in share was reported by enterprises from the group.

The share of online retail sales of textiles, clothing and footwear in the total sales of such products rose to 29 per cent from 27.2 per cent a year ago.

Source: fibre2fashion.com– Feb 26, 2025

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EVFTA leads to many positives after 5 years: Vietnam's CIEM

Vietnam's Central Institute for Economic Management (CIEM) recently flagged several positive outcomes of the EU-Vietnam Free Trade Agreement (EVFTA) after five years of implementation. Presenting a report, head of CIEM's general research department Nguyen Anh Duong pointed out remarkable results, including a robust growth of exports to the European Union (EU), particularly in key sectors like textiles and footwear that significantly benefit from tariff incentives.

The agreement has cultivated a transparent business environment, attracting high-quality foreign direct investment (FDI) from the EU, especially in high-tech and sustainable development sectors. Commitments related to intellectual property, environmental protection, labour and sustainable development under the agreement have encouraged Vietnam to upgrade its legal framework to align with international standards, noted the report.

Specifically, the proportion of exports to the EU in Vietnam's total export turnover has gradually increased, reaching 13.19 per cent last year. Vietnam maintains a substantial trade surplus with the EU, with $35.2 billion last year, the highest among the free trade agreements to which the country is a signatory.

The agreement has attracted significant interest from EU investors, particularly in high-tech, renewable energy and green manufacturing sectors. However, the actual inflow of FDI from the EU has not increased as expected, a Vietnamese media outlet reported.

The EVFTA has served as a crucial catalyst for Vietnam to adjust its policy and legal systems to meet high standards. Key changes are seen in areas like customs process transparency, business environment improvement, labour standards enhancement and environmental protection.

Implementation of the agreement faces challenges due to uneven enforcement capacity among ministries and localities, as well as difficulties in adjusting the legal framework to meet new requirements.

Source: fibre2fashion.com– Feb 26, 2025

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Vietnam's international textile fair features over 500 booths

The Vietnam International Trade Fair for Apparel, Textiles and Textile Technologies (VIATT) opened at the Saigon Exhibition and Convention Centre (SECC) in Ho Chi Minh City on February 26.

The annual three-day event is hosting over 400 exhibitors with more than 500 booths, showcasing a wide range of products and solutions covering the entire textile and garment sector. There are pavilions from such countries and territories as India, Japan, the Republic of Korea, Pakistan, Taiwan (China), and Thailand.

A European pavilion will debut for the first time, with prominent exhibitors like Bossa Ticaret Ve Sanayi Isletmeleri TAS (Turkey), Chargeurs PCC Asia Limited (France), Hohmann GmbH & Co. Kg, Homeplus (Germany), Technical Absorbents Ltd (the UK), and Alumo AG (Switzerland).

Notably, the dedicated Vietnam National Brand pavilion continues to serve as a platform for nationally recognised enterprises to showcase their products, seek potential partners, and reinforce their leadership in the industry.

The fair also spotlights future industry trends by introducing an ecology zone, which focuses on sustainable production, and an innovation and digital solution zone for technological advancements in the sector. In addition to exhibitions, it is treating participants to sideline networking events and fashion shows led by trendsetting designers from around the world.

The development strategy for the local textile, garment, and footwear sector through 2030, with a vision to 2035, identifies exports as the main driver of growth. Vietnam's textile and garment industry fulfilled its 44-billion-USD export turnover target in 2024, an annual increase of over 11%, providing a solid foundation for this year's ambitious goal of 47-48 billion USD.

Source: en.vietnamplus.vn– Feb 26, 2025

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Bangladesh labour problems pose an important test for global clothing giants

The 2013 collapse of the Rana Plaza factory complex in Bangladesh, which killed 1,138 people, was a hideous wake-up call for the global fashion industry. Big brands like Primark and Benetton collaborated on new initiatives to avoid a repeat tragedy (and another public relations disaster).

Twelve years on, safety standards in Bangladesh's clothing factories have improved significantly, proving multinational companies' capacity to drive positive change in their supply chains when they make an effort. But new research has highlighted the limits of this progress — and the extent to which big clothing companies themselves are a driver of human rights problems among their suppliers.

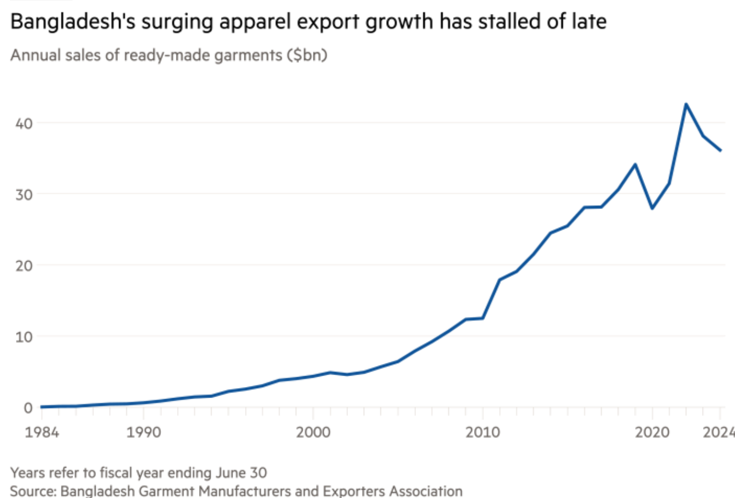
The study — co-ordinated by the University of Nottingham, the Bangladesh Labour Foundation and Goodweave International — showed basic safety standard improvements. Ninety per cent of the 1,974 workers interviewed said there was a safety committee with worker representation at their factory.

But in other regards, the results were dispiriting. The research, which was conducted from late 2023 to mid-2024, showed widespread violations of Bangladeshi law and basic human rights. With Bangladesh ranking as the world's second-largest apparel exporter after China, the problems are significant for the global garment industry as a whole.

About a third of workers said they were paid below the legal minimum wage (which itself is not enough to pay for basic necessities, according to the Global Living Wage Coalition). A similar proportion said they worked more than the legal maximum of 10 hours a day, six days a week; all the legal minors interviewed said they worked more than the limit for under-18s. More than half the workers said they suffered threats or abuse at work.

Importantly, these problems were far more severe among the subcontractors that supply the exporters. This suggests that, while due diligence by international clothing companies is having some effect on basic labour rights at their direct suppliers, it's having little such impact further down the supply chain.

The majority of workers at subcontracting factories said they were paid below the minimum wage, and they were far more likely to be working illegally long hours.



The research authors recommended that clothing companies invest in proper "mapping" of their extended supply chains, and collaborate with other businesses and non-profit groups to promote a broader improvement in transparency around indirect suppliers.

Many businesses now have a legal incentive to take these risks seriously. The EU's corporate sustainability due diligence directive, passed last year and now being phased into effect, carries tough penalties for harms caused by a European company's supplier, if it has failed to take proper measures to identify and act on related risks.

But clothing retailers need to ask themselves to what extent these abuses are, in fact, a function of their business model. Bangladesh's fragmented garment sector — its 7,000 factories are roughly evenly divided between exporters and their subcontractors — has evolved in part because of the huge need for flexibility, as suppliers race to respond to foreign orders with tight deadlines.

The report found that the time pressure from foreign customers was a major reason behind the illegally long hours worked by many factory workers. Another was the fact that some foreign customers had refused to increase their payment rates in response to a rise in Bangladesh's minimum wage.

The researchers argued that international clothing companies should co-ordinate to offer a premium to the payments made to their Bangladeshi suppliers, to fund higher worker wages. That might seem an optimistic request to make of clothing companies in the fast fashion era, as they jostle for low-margin business pushing out new designs at the frantic pace of viral social media trends.

For Bangladesh, the situation presents an economic dilemma. Competition among clothing exporters has been heating up, and the country has lost market share over the past four years to other Asian nations including Vietnam, India and Indonesia. Anything that adds to the cost of production might seem like a self-defeating move.

But failing to take action on these systemic labour violations may threaten Bangladesh's competitive position in a different way, as international companies face new legal pressure to eliminate abuses in their supply chains.

Whether those companies play a constructive role in addressing those problems — rather than simply pushing suppliers for lower prices, or abandoning Bangladesh for still lower-cost destinations — will provide an important test of their approach to questions of social responsibility.

Source: ft.com– Feb 25, 2025

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Bangladesh: Unit prices of Bangladesh's RMG exports to the EU fell in 2024

Bangladesh's readymade garment (RMG) exports to the European Union grew in 2024, but exporters saw unit prices decline as the growth in volume outpaced the increase in value.

The South Asian nation's apparel shipments to the EU rose by 4.86 per cent year-on-year to $19.77 billion in 2024, according to Eurostat data.

During this period, Bangladesh exported 1,230.51 million kilogrammes (kg) of readymade garments to the EU, up 10.18 per cent from the previous year's 1,116.77 million kg.

Within a year, the per-unit price fell to $16.07 per kg in 2024 from $16.88 per kg in the previous year, marking a sharp 5 per cent drop.

Meanwhile, the EU's overall apparel imports increased by 1.53 per cent year-on-year in value to reach $92.56 billion in 2024, while the import volume grew by 8.98 per cent, according to Eurostat data.

This resulted in a 6.83 per cent decline in average unit prices, impacting major sourcing countries, including Bangladesh, said Mohiuddin Rubel, additional managing director of Denim Expert Limited.

China remained the largest apparel exporter to the EU, posting a 2.61 per cent export growth to $26.07 billion in 2024. Bangladesh ranked second, followed by Turkey and India.

All four of these countries, along with Vietnam and Cambodia, also saw declines in unit prices.

Bangladesh maintained its position as a key supplier to the EU market, but the decline in unit prices underscores the need for strategies to address profitability concerns amid global price reductions.

Rubel said falling prices highlight the challenges of maintaining profitability.

Several factors contributed to the steady rise in export volume and value growth, including the production of value-added garments, duty-free market access, adherence to workplace safety standards, and the combined efforts of manufacturers and workers.

"These developments bolstered buyers' confidence, enhancing the business environment and fortifying Bangladesh's position as a key player in the export market," he said.

Despite fluctuations throughout the year, with a slow start followed by a surge in the last quarter of 2024, Bangladesh saw substantial year-on-year growth in October, November, and December.

"This positive trend, along with increasing exports, fuelled the current growth trajectory."

While 2024 showed improvement over 2023, earnings still fell short of the levels achieved in 2022.

"Looking ahead, the outlook remains optimistic as work orders are expected to increase, sustaining the growth momentum into 2025. With buyers regaining confidence and expanding their sourcing activities in the country, the growth trend is poised to continue."

Rubel said that while Bangladesh showed resilience in maintaining export volume and value, the data reveals a critical need for strategic shifts for future growth.

"Value addition and market diversification are essential for Bangladesh to secure its competitiveness and safeguard profit margins in the face of persistent global price deflation."

Source: thedailystar.net– Feb 27, 2025

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Worst over for India's economy, Q3 GDP growth seen at 6.2%: Deutsche Bank

The worst seems to be over for the Indian economy's growth trajectory, a German brokerage said on Thursday.

GDP growth, which had slipped to a seven-quarter-low of 5.4 per cent in the September quarter leading to a lot of concerns over the economy's strength, is likely to rise to 6.2 per cent in the December quarter, the report by Deutsche Bank said.

"We think the worst is over as far as India's growth trajectory is concerned but, even with the improvement of momentum, overall GDP growth is likely to remain below the potential growth rate of 7 per cent in FY26," the bank's analysts said.

In the report which comes a day ahead of the release of official data on economic performance, the analysts also said that we have to be cautious about the forecasts as there can also be a revision in previous years' data.

The brokerage added that its leading indicator derived from 65 high-frequency indicators is also pointing towards a 6.2 per cent growth.

The Reserve Bank is likely to deliver another rate cut of 25 basis points at the upcoming review of the monetary policy in April to help growth.

Minutes of the last policy reveal that all the members on the six-member monetary policy panel feel that rates remained at restrictive levels, it said. After the April rate cut, RBI will focus more on the liquidity measures to ensure transmission of the 0.50 per cent repo rate cut to the real economy, it said, adding that more cuts are unlikely in the current cycle.

The central bank is already cognizant about the liquidity needs, and the recent USD 10 billion swap announcement is "encouraging", it said.

Source: business-standard.com– Feb 26, 2025

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Shri Goyal calls for industry suggestions to boost flagging of vessels in India

Ports, shipping and the logistics sector are the lifelines that nourish the country's economy. Trade like rivers flows freely and the shipping sector connects opportunities around the world with India. This was stated by Union Minister of Commerce & Industry Shri Piyush Goyal during his address as the Chief Guest at the 12th Biennial International Conference on Ports, Shipping & Logistics 2025 today in Mumbai.

Shri Goyal stated that ship building opportunities in the country are high and the Government is looking at ways to promote the sector. He urged the industry to suggest ways to make flagging of vessels in India attractive. "India has the advantage to allow cabotage of vessels and promote imports coming in Indian flagged vessels permitted within the WTO rules, but does not have enough flagged vessels to take advantage of the regulations", he noted. The Minister urged the participants to suggest ways at the State and Central level to help companies come in flagged vessels in India.

Shri Goyal further stated that India has doubled its port capacity in the last decade and has significantly brought down the turnaround time of ships. However insisted that work remains towards strengthening the logistics ecosystem. 95% of India's trade volume goes through ports and the 7,500 km coastline acts as a major enabler for the trade, he pointed out, asserting the immense potential the sector has to grow over the next few years. He also stressed the need for the logistics system to be more conducive to handle the current traffic at ports. "Unified Logistics Interface Platform (ULIP) has been introduced to aid logistics, but more ideas are needed to provide the whole ecosystem-linked logistics at ports", he said.

The Minister further called for a hybrid mode of training to meet the growing demand of seafarers in the sector. Container ownership, container manufacturing, faster speed of exports, ease of congestion are the areas the sector needs improvement, he stressed. India stands out as an oasis amidst the global trade turmoil, the Minister noted, hoping the country would continue to grow and contribute towards the greater good of the world. He pointed out the maritime trade and logistics sector as the backbone for a Viksit Bharat.

Source: pib.gov.in– Feb 25, 2025

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The way to counter reciprocal tariffs

Indian manufacturing, already in a vulnerable position, is likely to be severely affected by US President Donald Trump's reciprocal tariffs. Despite the government's efforts to boost the sector through the 'Make in India' initiative, the share of manufacturing in India's GDP was slightly lower at 15.83 percent in 2023-24, compared to 15.99 percent in 2014-15. Reciprocal tariffs refer to levies on imports from any nation that charges duties on US exports. "An eye for an eye, a tariff for a tariff—the same exact amount," Trump promised during his campaign. What remains unclear is how these tariffs would be calculated.

With the US being India's largest export partner, Trump's reciprocal tariffs will likely have far-reaching consequences. The US administration's plans to impose tariffs on steel, aluminium, pharmaceuticals, textiles and certain electronics will significantly challenge Indian exports to America. These tariffs will not only increase costs for Indian exporters but also shrink market share, intensify competition from imports, and potentially lead to job losses and investment slowdowns.

The immediate consequence will be the increased cost of Indian exports to the US. Consider the case of the 25 percent tariff on all US imports of steel and aluminium announced by Trump on February 10. With the current rates ruling at 2.95 percent for steel imports and 3.91 percent for aluminium, the higher tariffs will place a burden on Indian exporters, making their products less competitive in the US market.

This would lead to reduced sales and revenue losses for companies engaged in these industries, eventually forcing layoffs and production cuts. This would only be a first-order effect. The downstream impact on industries such as automobile manufacturing and canned goods would also likely be substantial.

Similarly, India's pharmaceutical sector, a leading supplier of generic drugs to the US, will see its profit margins squeezed due to increased costs. The same applies to textiles and electronics, where higher tariffs could prompt buyers to shift to buying from other low-cost manufacturing hubs such as Vietnam and Bangladesh.

The impact of such tariffs will not be limited to an immediate reduction in merchandise exports. A sustained decline in exports, combined with higher tariffs on multiple products, would dampen investments. This would place additional strain on India's efforts to boost industrial growth. Any attempt to mitigate the negative effects of reciprocal tariffs by reducing India's own tariffs on US imports could have a detrimental effect on domestic manufacturing.

Lower tariffs on US goods would make imported products more affordable, potentially shifting consumer demand away from locally manufactured goods. Industries such as consumer electronics, automobiles and machinery could struggle to compete with an influx of cheaper imports. Given that manufacturing plays a crucial role in employment generation, this shift could have far-reaching socio-economic consequences.

To navigate these challenges, India must rethink its economic strategy and take proactive measures to cushion the impact of Trump's tariffs. One key step would be to diversify its export destinations. While the US has traditionally been one of India's largest trading partners, the unpredictability of American trade policy underscores the need to explore alternative markets. Strengthening trade ties with the European Union could help offset losses in the US market, while expanding agreements with ASEAN nations could open up new opportunities. Additionally, emerging economies in Africa and Latin America present untapped potential for increased trade and investment.

India must also focus on strengthening domestic manufacturing to ensure resilience in the face of shifting geopolitical trade dynamics. Investment in innovation and technology will be critical to maintaining global competitiveness. Indian firms must adopt advanced manufacturing techniques and prioritise research and development to produce high-value, innovative products.

Policy measures to boost domestic demand, such as the recent increase in tax exemptions for income and interest proposed in the Union Budget 2025-26, could help counteract the negative impact of tariffs—provided the additional disposable income is not diverted toward imported goods. Ensuring the availability of affordable credit for businesses and consumers will also support investment and spending, strengthening the overall economy.

Trump's tariffs come at a time when India's manufacturing sector is already grappling with declining sales, rising inventories, and stagnating order books. However, this crisis also presents an opportunity for India to rethink its economic policies and adapt to a shifting global trade environment.

While Trump's tariffs pose short-term challenges, India has the potential to emerge stronger by strategically repositioning its economy for the future. By implementing forward-thinking policies, India can mitigate the adverse effects of these trade measures and create a more self-sufficient, competitive industrial sector in the long run.

Source: indianexpress.com– Feb 27, 2025

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Australian exporters to save $2 bn in tariffs due to trade pact with India

Exporters from Australia saved around $2 billion in tariffs by the end of December 2024 due to tariff concessions implemented under the Economic Cooperation and Trade Agreement (ECTA), or the interim trade deal, between the two countries, according to an official statement.

The ECTA came into force on December 29, 2022. Under the deal, by value, over 85 per cent of Australian goods exported to India are now tariff-free, which is going to rise to 90 per cent in 2026. As much as 96 per cent of imports from India are now tariff-free, and will rise to 100 per cent by 2026.

“Our free trade agreement with India has saved Australian businesses hundreds of millions of dollars… the savings are having a direct impact for Australians, reducing costs at the checkout and creating local jobs. Australia continues to make progress in its negotiations with India on a new free trade agreement, which will unlock even more trade opportunities for Australian businesses,” the Australian government said in a statement as it launched “A New Road Map for Australia’s Economic Engagement with India” on Wednesday.

Going ahead, sectors such as clean energy, education and skills, agribusiness, and tourism will drive the economic relationship between both the countries.

During the first year of the trade deal, Australian exports to India grew by 35 per cent, excluding coal. Particularly, the agreement kickstarted a whole range of Australian agricultural exports to India, including cotton, nuts, and some fruits and vegetables.

“This agreement does more than just boost trade, it helps our industries take advantage of the complementary nature of our trade relationship, while giving Australian exporters greater certainty and priming them for further growth,” said a report on the road map.

For instance, almost 200 Australian products were exported to India for the first time, or reintroduced after a long absence. These products included avocados, fresh salmon, pinewood, rock lobsters, a range of

chemicals and pharmaceuticals, electric motors and generators, astroturf, and fibreglass.

Similarly, Indian businesses are also taking advantage of improved access to the Australian market, providing cheaper prices on goods for Australian consumers. In 2023, Australian imports of Indian agricultural products grew 15 per cent.

"There has been notable growth in imports of Indian industrial products, including clothing and apparel, medicaments, telephone sets, cosmetics and perfumes, machinery and auto parts. By 2026, all Indian products entering Australia will be tariff-free. Cheaper Indian inputs to Australian processed or manufactured goods lead to cheaper prices for Australian consumers," the statement said.

Source: business-standard.com– Feb 26, 2025

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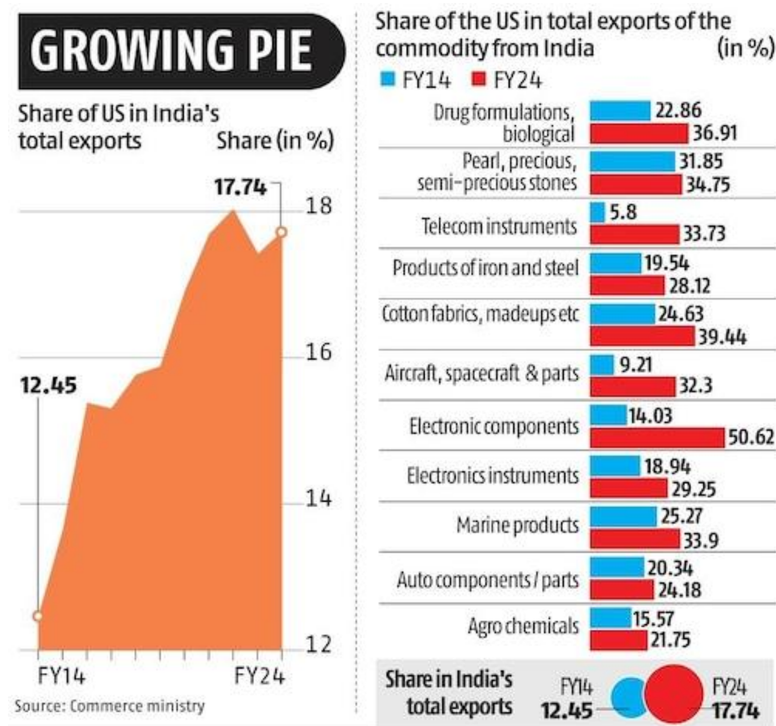
Can MAGA and MIGA co-exist? India-US trade tariff talks may hold the key

In his 2023 book 'No Trade Is Free', former United States Trade Representative (USTR) Robert Lighthizer recounts his trade negotiations with India in 2020 for a mini trade deal that ultimately failed to materialise.



"We raised our issues: tariffs, agriculture access, medical device impediments, barriers to e-commerce and insurance, discrimination in the electronic payment sector, fish subsidies, and the list goes on. We made headway but could never quite close a deal. I always felt that (Piyush) Goyal wanted one but had to contend with the bureaucracy and the farmers as well as with me," Lighthizer says, describing trade minister Goyal as a "smart, gifted politician from Mumbai".

As India and the US prepare to sit down to decide the broad contours of the proposed "first tranche of a mutually beneficial, multi-sector" Bilateral Trade Agreement (BTA) announced by Prime Minister Narendra Modi and US President Donald Trump during the former's recent visit to Washington D.C., many of the issues listed by Lightizer are expected to once again dominate the US' list of demands.

"To advance this innovative, wide-ranging BTA, the US and India will take an integrated approach to strengthen and deepen bilateral trade across the goods and services sector, and will work towards increasing market access, reducing tariff and non-tariff barriers, and deepening supply chain integration," both sides said in a joint statement earlier this month.

Goyal has claimed the BTA will be the "mother of all deals", providing huge opportunities for Indians and Americans to work together and complement each other's strengths in a very turbulent world.

Win-win deal?

At first glance, a trade deal between India and the US looks natural. Given differences in their economic structure, they traditionally specialise in different sectors — India in labor-intensive goods and IT services, and the US in high-tech products. However, India's ambition to move up the value chain and market access concerns make negotiations complex.

"The BTA will be a test of how far India is willing to accommodate the US in its efforts to reduce bilateral trade imbalance by removing market access barriers and also, how much India is able to expand its own economic and security agenda through the framework. India's negotiations need to be tactful and forward-looking in this regard," said Amitendu Palit, research lead (trade and economics) at the Institute of South Asian Studies (ISAS), an autonomous research institute at the National University of Singapore (NUS).

A senior government official, requesting anonymity, said though the contours of the proposed trade deal are yet to be finalised, it is expected to be a comprehensive one. "Americans will not just settle with goods. For them, ecommerce matters as Amazon, Walmart-Flipkart are here. So they may want us to comply with their standards and rules. Telecommunications services also may be part of the deal as Starlink wants to come to India. Tesla won't come without investment protection through a bilateral investment treaty. It will be goods, services and investment," he pointed out.

India has already cut tariffs on some major US exports such as high-end motorcycles and bourbon whisky. "Going forward, it might need to slash tariffs on imported electric vehicles to increase local market access for Tesla, as well as on several agricultural exports, such as dairy, fruits and vegetables. Cutting tariffs on dairy will be politically difficult. India's best strategy might be to go for phased cuts. This might not be necessary for many other items though, as many US exports are not items for mass consumption in India," Palit added.

A former senior commerce ministry official who has earlier negotiated with the Trump administration said America has no export capacity that will threaten us. “We are short-sighted in not allowing import of items like blueberries etc. We should ask the US to bring down duty on labour-intensive products such as textiles, leather and gems-and-jewellery from 5-7 per cent to zero,” he said.

Palit said India’s big ‘wins’ in the BTA should target services. “It should trade off tariff cuts on US exports vis-à-vis the benefits it picks up in services. India already enjoys a strong reputation among leading US businesses for being an ideal location to establish Global Capacity Centres (GCCs). With the US businesses eyeing India for more long-term investments in technology and innovative sectors, India should capitalise on the sentiments in the BTA. More on-site US presence in GCCs can also help India in negotiating better deals for short-term movements of professionals, as they travel back and forth between their Indian and US operations,” he added.

Reciprocal hurdle

Hours before Trump met Modi, the US president announced plans to impose reciprocal tariffs on major trading partners to ensure fair and reciprocal trade. Reciprocal tariffs on US’ trade partners will aim to reduce bilateral trade deficits and will be calculated on the basis of the tariffs faced by American exports to partner country markets, along with other market access inhibiting factors like non trade barriers, government subsidies, extra-territorial taxes and exchange rate policies.

S&P Global on Monday said India along with South Korea and Thailand will be the most vulnerable to potential reciprocal tariffs by the US, based on the tariff differential with the US.

“We have to convince the US not to impose reciprocal duty on us and force us to reduce duties on non-reciprocal basis since we will be negotiating a trade deal and will bring down tariffs for the US,” the former commerce ministry official said.

The serving government official quoted earlier said there will be erosion of the market for India if reciprocal tariffs are imposed. “Vietnam in the competing textile space is going to benefit as their non-reciprocal tariffs are quite low. Chinese companies are manufacturing engineering, auto components out of Vietnam. They will also benefit largely,” he added.

Ajay Srivastava, founder, GTRI said that ahead of the April announcement of reciprocal tariffs, India should make an advance offer to the US where it can eliminate tariffs without hurting domestic industries and agriculture. “If the US rejects India’s offer, India should refuse unfair concessions and consider countermeasures, similar to China’s response to Trump’s tariffs,” he added.

In response to the 10 per cent tariff by the US, China has retaliated with counter tariffs and launched antitrust probes into NVidia and Google.

Opportunity for domestic reforms?

Speaking at the Kerala Global Summit last week on India Inc’s apprehension about the proposed trade deal with the US, Goyal said they would be better advised to be bold and believe in India's growth story. “I don’t think there is any cause for concern, they should enter into this negotiation from a position of strength boldly. We are willing to compete with the US. Can there be any product where we can’t compete with an economy with a per capita income of $80,000 per person? We are at $3,000 per person. Is there any product we can’t compete with the US with such a large differential of labour cost? We can assure them that this is a golden opportunity to expand business, it will open up a floodgate of new business opportunities,” he added.

The former commerce ministry official said India is paying a price for not putting its house in order. “For how long can you give tariff protection to your industry? We have kept tariffs at 100 per cent for the auto sector for the last 20 years and we say we are world beaters in auto manufacturing. Our consumers pay a heavy price for the lack of competitiveness of our domestic industries,” he added.

The official said since India’s exports are mostly low-value-added products, their demand is very elastic while Chinese products are inelastic in demand. “When the US raises tariffs on Chinese goods, the US consumer has to absorb the higher tariff. In our case, the US consumer will shift to alternatives available elsewhere which will force our exporters to absorb the tariffs,” he added.

The government official quoted earlier said the US may also have problems with India’s complicated import requirements and quality control orders which it considers non-tariff barriers.

“Over a period of time, the competitiveness of MSMEs have eroded as they didn’t upgrade their technology. They are not able to export items that they were able to sell in the past. That needs to change,” he added.

With Trump’s America First agenda (Make America Great Again) and Modi’s call for Viksit Bharat (Make India Great Again), the success of a 'MEGA' partnership will hinge on how both countries navigate their differences and sensitivities.

Source: business-standard.com– Feb 26, 2025

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India must rethink trade strategy as US pushes reciprocal tariffs

Among the most significant, but also confounding, announcements by President Donald Trump in his first month in office is the imposition of "reciprocal tariffs" by the US on its trade partners. The White House memo of February 13, 2025, specifies a comprehensive approach to measuring non-reciprocity by US trade partners based on five detailed criteria.

In addition to tariffs imposed on US products, this includes non-tariff barriers, subsidies and/ or any measures, policies —including on exchange rates, taxes, practices or regulatory requirements in the partner country — that, in the judgement of the US administration, are discriminatory or impose limitations on market access for US businesses, workers, and/or consumers.

A systematic evaluation of all these measures, for almost 13,000 tariff lines traded by the US for each of its trade partners, seems like a near-impossible exercise to undertake. Speculation is therefore rife on whether the evaluation of tariffs will be product-specific or will sector averages be considered.

Furthermore, there are questions about whether this will be unidirectional or if the US will also reduce its tariffs correspondingly in sectors where it imposes relatively high tariffs, such as in apparel and clothing.

Given that there are yet no answers to these and many related queries, it may be best to wait and watch how the reciprocal tariffs unfold in April and beyond. In the interim, though, it may be useful to consider other options for trade.

So, what are India's options? India has, thus far, adopted a pre-emptive approach. This is unlike Mexico and Canada, the first two countries targeted by President Trump for the imposition of 25 per cent tariffs. Both responded, post-announcement, by promising to reinforce their border with the US to prevent illegal migration and the flow of Fentanyl opioid. This was, in effect, only an intensification of their ongoing border security policies.

India, in comparison, has responded to broad criticism of its tariff levels by President Trump. In the February 2025 Budget, tariffs in some product categories, including on 1,600 cc motorcycles, were brought down. This was followed, a few days later, by a reduction in tariffs on imports of Bourbon whiskey, clearly aimed at appeasing the US. Notwithstanding these pre-emptive moves, President Trump has continued with his adverse comments on India's tariffs with no indications of concessions for India in his plans to impose "reciprocal tariffs". India, it may be noted, is among the top 15 trading partners with which the US runs a deficit in goods trade.

While India is preparing for a bilateral deal with the US, this may not be sufficient to combat the challenge posed by US trade policy under Trump 2.0. The imposition of tariffs on Mexico and Canada serves as evidence of his willingness to violate the United States-Mexico-Canada Agreement crafted under Trump 1.0.

India, therefore, needs to secure its trade opportunities through a systematic approach of diversification of its export markets and products. It could perhaps learn from the recent trade initiatives of other countries. For example, some have hastened the pace of their negotiations to conclude Free Trade Agreements (FTAs) as part of a diversified trade strategy. Mexico and the European Union recently concluded an upgrade of their earlier trade agreement with substantial tariff reduction and modern-day high-standard provisions, including on sustainability and green growth.

Similarly, the EU-Mercosur (Uruguay, Paraguay, Argentina, Brazil) trade deal, long under negotiation, was finalised in December 2024 in anticipation of Mr Trump's imminent presidency. The trade deal goes beyond tariffs to include environment standards as well as critical minerals. The UK has similarly begun its process of reviewing the economic cooperation agreement with the EU, having accomplished its membership of the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) in 2024.

For Asean economies, membership of the mega-regional trade agreements like the Regional Comprehensive Economic Partnership (RCEP) and CPTPP provides avenues for further trade intensification. Furthermore, unlike India, some of the Asean economies continue to enjoy concessional market access through the Generalized System of Preferences (GSP) in the US.

While India has also announced the resumption of FTA talks with the UK and EU, more groundwork will be needed to conclude the negotiations. Tariff reduction must be undertaken more systematically to achieve an actual reduction of effective tariffs. For most commodities for which basic Customs duty was reduced in the Budget in February, the additional levy of a cess has kept the effective duty rate unchanged. As the threat of reciprocal tariffs by the US looms large, it may be opportune and useful for India to formulate a time-bound plan to reduce and align its average applied tariffs with its comparator Asian economies. Coupled with an early review of the model Bilateral Investment Treaty, also announced in 2025 Budget, this will assist India in concluding deeper trade agreements and attracting export-oriented foreign direct investment.

On sustainability issues, too, India needs to evolve a suitable negotiating stance, given that trade today takes place in a milieu of global challenges such as climate change and political backlash related to worker conditions and rights. The EU-Mercosur FTA, wherein the Latin American economies with major agro and forest-based export interests have successfully negotiated these elements, may provide useful inputs in this context. Simultaneously, India should initiate its participation in the CPTPP, as its provisions have been formulated to respond to modern-day trade contours, and with its membership, existing and potential, it may soon be the largest, open rules-based trade bloc.

India also needs to evolve its perspective on the multilateral front. It should contribute more to collective action towards creating an alternative rules-based trade order. This is necessary as the principle of fairness in global trade can only be achieved through an overarching supra national institution — a role the WTO, in its present form, is unable to perform. India has thus far stayed away from plurilaterals, questioning their legality. This viewpoint may now need reconsideration and, in fact, it may be time now to collectively re-define plurilaterals through a set of common parameters while keeping membership open to individual country choice.

Therefore, for India, the need of the hour is a strategic trade policy that is multi-pronged and responsive to the varied challenges of the present-day global trade environment.

Source: business-standard.com– Feb 26, 2025

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India and UK back at the negotiation table: What's at stake in the FTA?

India has signed 13 free trade agreements (FTAs) and six preferential trade pacts to boost exports and provide greater market access for domestic industries. Since 2014, the country has signed FTAs with Mauritius, the UAE, Australia, and the European Free Trade Association (EFTA).

India is also actively negotiating similar agreements with the UK and the European Union.On February 24, Commerce and Industry Minister Piyush Goyal and UK Secretary of State for Business and Trade Jonathan Reynolds announced the resumption of negotiations for the India-UK FTA. This comes after a gap of over eight months. The negotiations, which began on January 13, 2022, have so far completed 14 rounds of talks.

What is an FTA?

A free trade agreement is a pact between two or more countries to eliminate or reduce import duties on 90-95% of traded goods. It also seeks to minimize non-trade barriers and facilitate service exports and investments.

What are the different types of trade agreements?

FTAs vary in scope and are known by different names, such as:

- Preferential Trade Agreement (PTA) – Eliminates duties on a limited number of goods (e.g., India-Thailand PTA).

- Comprehensive Economic Cooperation Agreement (CECA) – More extensive than PTAs (e.g., India-Singapore CECA).

- Comprehensive Economic Partnership Agreement (CEPA) – Covers broader trade aspects (e.g., India-Korea, India-Japan CEPAs).

- Trade and Economic Partnership Agreement (TEPA) – Another format for extensive economic partnerships.

What are the benefits of FTAs?

• Zero-duty entry into partner markets helps expand export opportunities.
• Level playing field against competitors who have similar trade agreements.

How do FTAs protect domestic industries?

FTAs include provisions for sensitive and exclusion lists, limiting tariff concessions on selected products. Countries can also impose trade remedial measures like anti-dumping duties if imports surge and harm local industries.

With which countries has India signed FTAs?

India has signed trade deals with Sri Lanka, Bhutan, Thailand, Singapore, Malaysia, Korea, Japan, Australia, the UAE, Mauritius, and ASEAN and EFTA blocs. India is now focusing on FTAs with the UK, EU, and US to strengthen trade with Western economies.

What is the aim of the India-UK FTA?

• Boost trade and investment by reducing tariff and non-tariff barriers.
• Expand cooperation in technology, healthcare, and education.

How will the FTA impact India-UK trade?

In FY24, India's merchandise exports to the UK were valued at $12.9 billion. According to GTRI Founder Ajay Srivastava, the FTA is expected to have a limited impact on increasing these exports, as over half of Indian goods already enter the UK with low or no tariffs. The UK's average tariff on Indian imports is 4.2%.

However, Indian exports worth $6.1 billion—such as textiles, apparel, footwear, carpets, cars, marine products, grapes, and mangoes—will benefit from duty reductions.

On the import side, India's merchandise imports from the UK stood at $8.4 billion in FY24. Around 91% of these goods, worth $7.6 billion, face medium to high tariffs in India, with rates as high as 100% on cars and 150% on scotch whisky and wines. The UK seeks tariff reductions for these products.

What are the major demands in the India-UK FTA?

• India's demands: Greater access for students and professionals in the UK, a social security agreement, and duty-free market access for certain goods.
• UK's demands: Lower import duties on scotch whisky, electric vehicles, lamb meat, chocolates, and expanded market access for UK services like telecommunications, legal, and financial services.

What is the proposed Bilateral Investment Treaty (BIT)?

A BIT aims to promote and protect investments in each country. A key issue is the dispute resolution mechanism—India wants foreign firms to exhaust local legal remedies before seeking international arbitration, while the UK prefers alternative options due to concerns over lengthy Indian judicial processes.

According to GTRI, while BITs provide investment stability, there is no conclusive evidence linking them directly to increased investments.

What's next for the India-UK FTA?

With negotiations resuming, both countries aim to finalize an agreement that benefits trade and investment. The outcome will be crucial in shaping the future of India-UK economic relations.

Source: economictimes.com– Feb 26, 2025

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Retailers recorded 5 per cent growth in January

Retailers in the country reported 5 per cent growth in the retail sector in January compared to same month last year, according to the latest survey of Retailers Association India (RAI). The growth was led by food and grocery segment while QSR and consumer durables segment also witnessed an uptick.

"RAI's survey shows 5 per cent retail growth in January, led by food & grocery at 13 per cent, QSR and CDIT grew by 6 per cent, indicating a rise in consumer spending in these categories. The Union Budget 2025's income tax exemption limit of ₹12 lakh provides relief to retailers after last year's slowdown," said RAI CEO Kumar Rajagopalan.

"Consumer choices, however, vary widely. Retailers must adapt to these shifts, understand evolving preferences, and build the right operating model to stay competitive," he added.

While retailers in western India witnessed sales growth of 7 per cent, North and South Indiarecorded a 5 per cent increase. East India showed a growth of only 4 per cent.

In terms of categories, apparel and clothing segment witnessed a 4 per cent growth in January 2025 compared to same month previous year. Footwear segment sales growth was also estimated at 4 per cent. Jewellery segment sales were up 3 per cent. Sports goods and beauty & wellness categories witnessed sales growth of 2 per cent each. Furniture and furnishing segment witnessed a growth of mere 1 per cent.

Source: thehindubusinessline.com– Feb 26, 2025

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UK celebrates millions in Indian investments after FTA talks relaunch

The UK on Wednesday celebrated recent investment wins worth over GBP 100 million from Indian companies and pointed to India's insurance sector as a growth opportunity for British companies following the relaunch of the Free Trade Agreement (FTA) negotiations this week. As Business and Trade Secretary Jonathan Reynolds concluded his two-day visit to New Delhi after talks with his Indian counterpart, Union Commerce and Industry Minister Piyush Goyal, the UK Department for Business and Trade (DBT) said recent Indian investments are expected to create hundreds of new jobs over the next three years.

These investments are said to cover a range of sectors including artificial intelligence (AI), professional services and textiles, with UK insurance companies "gaining more potential to expand thanks to the Indian Budget earlier this month", which had increased the amount of foreign direct investment (FDI) permitted in the sector from 74 per cent to 100 per cent.

"These investment deals will deliver more than GBP 100 million for the UK economy, creating jobs, strengthening growth, and helping working people," said Reynolds.

"Now the UK will strive to be more ambitious and collaborative than ever before as we show the world why the UK is the best place to invest," he said. The minister went on to highlight companies in the UK's tech and life sciences sectors as leading the way with their expansion plans for the Indian market.

"I'm proud that government support has helped some of our finest businesses in these sectors to expand into the exciting Indian market. It's great to see them going for growth, and their successes will amount to tens of millions of pounds for the UK economy, which will see living standards improve, and put money in people's pockets," added Reynolds.

Among the recent Indian investments flagged by DBT are Aaseya Technologies, a professional services company specialising in digital transformation through automation, with GBP 25 million investment and Sastra Robotics' GBP 8 million in Manchester to expand the company's robotics innovation and development.

It also includes University Living, a global student housing managed marketplace, investing GBP 10 million to open a UK office, and Test Yantra, a testing and training services company, investing GBP 10 million.

On the other side of the two-way investment flows, UK businesses that have expanded their exports include Shipley-based Radio Design setting up a manufacturing facility in India; London-based Marcus Evans Group establishing a Mumbai base; Leicester-based chemicals company Microfresh rolling out smart antimicrobial technology across multiple Indian textile and leather players; and London-headquartered Novocuris operating in multiple Indian hospitals.

Meanwhile, UK Investment Minister Poppy Gustafsson travelled to Bengaluru this week as part of her two-city tour that also covered Mumbai to "bang the drum for Britain, champion free trade and promote exciting investment opportunities in the UK economy."

According to official statistics, while UK businesses exported a total of GBP 17 billion goods and services to India in the 12 months to September 2024, Indian FDI stock from India increased 28 per cent at the end of 2023 - with India the second-largest investor in terms of number of projects into the UK for five consecutive years.

DBT added: "A trade deal which brings down barriers could make selling to this huge market easier and cheaper for businesses, delivering on the government's 'Plan for Change.'

"Already an economic heavyweight, India is expected to become the fourth largest importer by 2035, presenting new opportunities for UK businesses."

Source: economictimes.com– Feb 26, 2025

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Madhya Pradesh Government plans textile park in Malwa

Following the success of the apparel park in Pithampur, the Madhya Pradesh Government plans to set up a textile park under the PM Mitra scheme in the Malwa region. The park will be a key feature at the upcoming Global Investors Summit (GIS) 2025 in Bhopal.

Inspired by Prime Minister Narendra Modi's 5F vision, PM Mitra Parks are being developed at seven locations across India through special purpose vehicles (SPVs). These Greenfield textile parks will receive Central Government support of Rs 500 crore.

The Madhya Pradesh Government will showcase this park at the GIS, aiming to attract industries to establish operations. The park will provide comprehensive facilities, from design to dyeing, for investors. A dedicated textile expo will be organized at the GIS to attract investors in the textile sector, as per a government official.

Approved by the Government of India in March 2023, the park will be located in Bhensola village of Badnawar tehsil in Dhar district. It will be developed as per a memorandum of understanding (MoU) signed between the Ministry of Textiles and the Madhya Pradesh Government on May 21, 2023.

Madhya Pradesh is a significant producer of high-quality cotton, yielding 317,000 metric tons, which accounts for 24 per cent of the world's non-GMO organic cotton and 47 per cent of India's non-GMO organic cotton. Additionally, the state is the sole producer of extra-long staple (ELS) cotton in India.

In a high-level meeting last June, the Chief Minister emphasized the need to expedite the Rs 500 crore project approved by the Textile Ministry for the Integrated Textile and Apparel Park in Dhar district. He urged agencies to work swiftly to create 25,000 jobs through 21 units in the PM Mega Textile Park. The government has allocated Rs 4,445 crore for these parks up to 2027-28.

Source: fashionatingworld.com– Feb 26, 2025

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