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INTERNATIONAL NEWS

USA: Supply Chain Knowledge Is First Step To Mitigate Tariff Impact

As U.S. President Donald J. Trump adds new tariffs to his trade agenda, a company's in-depth knowledge of its supply chain could help it mitigate any new duty exposure.

That's the conclusion of Laura Siegel Rabinowitz, an international trade expert at Greenberg Traurig who counsels businesses on complex supply chain issues. She spoke at a webinar Wednesday hosted by CohnReznick on "New Administration Policy & Priorities: Strategies to Consider Right Now."

So how can importers mitigate duty exposure?

"My mantra is that companies first need visibility into their supply chain," she said. "Where are their goods manufactured, and not just to understand level one suppliers, but drill down to level two, level three, [and] level four to understand where the components are from."

That knowledge is needed first before companies can do a risk analysis to see if their products are on the duty list.

"Am I manufacturing in a country that's been targeted to date? Do that, then look at production agreements, which are negotiated months before date of entry into this country," she advised.

And as companies look at those production agreements, they should find out if there is a tariff section on who is bearing the cost of the increased tariffs or duties in general, as well as any increased costs.

"What is the language like? Is there opportunity to share this increased burden?" she said, noting that for new agreements, companies should be negotiating "well drafted tariff sections in their production agreements [while] keeping in mind that it's not static, it is very fluid."

Because duties are determined by the classification of the product, the valuation and the country of origin of the product, companies should look to see if there is any way "I can move around the classification or the origin

so that I am compliant, but it's more advantageous from a duty perspective," the attorney said. "Companies need to be compliant, but there's some wiggle room in terms of how do you classify merchandise."

And in terms of origin, she said the question is what is the essential character of the product, and it what country is the product substantially transformed to create that essential character. Siedel Rabinowitz gave an example of an item that contained a motor made in Germany but assembled in China. Because the motor was central to the item, the company was able to use Germany as the country of origin instead of China, which enable it to save 35 percent on duties owed.

She also noted legal deductions that can be taken to lower the valuation of merchandise. International freight is always deductible, as well as foreign inland freight, the freight charge from the foreign factory to the port. Also deductible are buying agent fees and foreign port charges. And royalty payments can be deductible if set up correctly, Siedel Rabinowitz said.

She said that Mexico has become America's number one trading partner, noting that Mexico has overtaken China's former Number One spot a few years ago.

And as for reciprocal tariffs, the attorney said they are "going to be very complicated to implement for U.S. Custom." That's because the tariffs on those foreign goods coming into the U.S. will be commensurate with the same U.S. product going into that foreign country. "It's going to be very complicated because it's product specific and country specific," she concluded.

Source: sourcingjournal.com– Feb 28, 2025

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UK retailers brace for sharper sales decline in March: CBI

The UK retail sector continued its downward trajectory in February, with year-on-year sales volumes falling for the fifth consecutive month, according to the latest CBI Distributive Trades Survey.

The outlook remains bleak, as retailers anticipate an even steeper decline in March.

The survey revealed that sales volumes fell at a weighted balance of -23 per cent in February, closely mirroring January's decline of -24 per cent. Expectations for March are even more pessimistic, with retailers forecasting a sharper -30 per cent drop.

Beyond declining sales, retailers are increasingly cautious about their future business prospects. The survey indicates that investment intentions for the next 12 months have deteriorated to their lowest level since May 2019 (-56 per cent from -27 per cent in November). Retailers plan to cut jobs at a steady rate, with headcount expected to decline by -15 per cent in March, following a -13 per cent drop in February.

Retailers described sales for the time of year as 'poor', with the assessment worsening to -34 per cent in February from -24 per cent in January. Despite this, the decline in March is expected to be slightly less severe (-27 per cent), the CBI noted.

In a broader context, total distribution sales—including retail and wholesale—continued to decline, though at a slower pace than in January. The wholesale sector saw a moderate drop in sales volumes (-19 per cent in February from -30 per cent in January).

The downturn has also hit online retailers, with sales volumes declining at an accelerated rate of -28 per cent in February compared to -22 per cent in January. A similar rate of decline is expected in March (-29 per cent).

Retailers have also been cutting back on orders placed with suppliers, with a sharp reduction of -38 per cent in February. Orders are expected to be cut back even more steeply in March, dropping to -47 per cent—the weakest expectations since March 2021.

Despite the challenging retail environment, selling price inflation remains relatively subdued compared to historical levels. The latest figures show inflation at +25 per cent in February, marginally up from +24 per cent in November, but still below the long-run average of +41 per cent. Retailers expect prices to rise at an unchanged rate in March.

"February marked another month of falling annual sales in the retail sector. This trend of poor business conditions extended across the broader distribution sector, with wholesalers and motor traders also reporting a drop in sales. Looking ahead, retailers expect a sharper sales downturn in March, partly due to the later timing of Easter compared to last year, said Martin Sartorius, principal economist, CBI.

"Businesses need a boost in confidence after a tough period that has seen their overheads increase and headroom for investment squeezed. Reforming business rates and the Apprenticeship Levy would go a long way to support firms as they work alongside government to create the jobs, investment, and growth that we all want," Sartorius added.

Source: fibre2fashion.com– Mar 02, 2025

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US' industrial textile imports grow to $3.1 bn, exports decline

The United States' imports of industrial textiles increased by 4.57 per cent to $3.132 billion in 2024. However, its exports in the same segment declined by 3.43 per cent over the past year, decreasing to $1.968 billion during the same period. Mexico was both the largest supplier and the largest market for US exports of industrial textiles in 2024.

The US had imported industrial textiles worth $2.995 billion, while exports were recorded at $2.038 billion in 2023. As the world's largest economy and a major industrial producer, the US holds a commanding position in both imports and exports of industrial textiles, according to Fibre2Fashion's market insight tool TexPro.

In 2024, Mexico was the largest supplier of industrial textiles to the US, with a market share of 15.10 per cent. Inbound shipments from Mexico were valued at $472.875 million. Among the top five suppliers, imports from China amounted to $392.274 million (12.52 per cent), Canada $342.044 million (10.92 per cent), India $340.424 million (10.87 per cent), and Vietnam $250.637 million (8.00 per cent).

For US exports of industrial textiles, Mexico was also the largest market, with shipments worth $902.026 million, accounting for 45.82 per cent of total US industrial textile exports in 2024. Exports to Canada were valued at $337.565 million (17.15 per cent), Germany $64.483 million (3.28 per cent), China $61.459 million (3.12 per cent), and Indonesia $43.664 million (2.22 per cent), as per TexPro.

US has imported textile products and articles for technical uses; NEC (HS code 591190) of $641.854 million which was 20.49 per cent of its total imports of industrial textiles in 2024. It's imports of textile fabrics; impregnated, coated, covered or laminated with plastics (code 590390) were valued at $483.319 million (15.43per cent), textile fabrics; impregnated coated, covered or laminated with polyurethane (code 590310) $348.127 million (11.11per cent), textile fabric; tyrecord of high tenacity yarn or polyester (code 590220) $204.929 million (6.54per cent) and textiles; fabric and felts endless or fitted with linking devices, of a king used in paper making or similar machines, weighing 650 g/m2 or more (code 591132) $132.348 million (4.22per cent).

Textile fabrics; impregnated, coated, covered or laminated with plastics (code 590390) were the top product category in US exports of industrial textiles. Its outbound shipment was noted at $472.698 million, 24 per cent of total exports of industrial textiles in 2024.

The exports of textile products and articles for technical uses (code 591190) were $405.991 million (20.62per cent), textile fabrics; impregnated coated, covered or laminated with polyurethane (code 590320) $360.788 million (18.32per cent), textile fabrics, rubberised; adhesive tape of a width not exceeding 20 cm (code 590610) $128.108 million and textile fabrics; impregnated, coated, covered or laminated with polyvinyl chloride (code 590310) at $113.073 million in the same year.

Source: fibre2fashion.com– Mar 02, 2025

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Textile, Apparel Trade in North America: Navigating tariffs, loopholes, and shifting supply chains

The intricate dance of textile and apparel trade between the United States, Canada, and Mexico is a microcosm of global economic forces, shaped by decades of trade agreements and increasingly challenged by geopolitical uncertainties. From the era of NAFTA to the present USMCA, the North American landscape has witnessed both remarkable integration and escalating tensions.

Historical Foundations: From NAFTA to USMCA

NAFTA, launched in 1994, fundamentally altered the region's textile and apparel sector. The ‘yarn forward’ rule, a cornerstone of NAFTA, mandated that all stages of production, from yarn to finished garment, occur within North America to qualify for tariff-free access. This fostered a tightly knit regional supply chain, but also led to the decline of some domestic manufacturing sectors in the US, as labor-intensive assembly shifted to Mexico.

The 2020 USMCA, while preserving many NAFTA provisions, introduced refinements. The de minimis threshold increase from 7 per cent to 10 per cent allowed for slightly more flexibility in sourcing non-regional materials. Moreover, USMCA expanded the list of North American origin requirements, notably including sewing thread, elastic fabrics, and coated fabrics, aiming to deepen regional production.
Data-Driven Insights: Trade flows and trends

Analyzing trade data reveals the dynamic nature of this sector.

Table 1: US Textile and Apparel Trade with Mexico and Canada (%Billion)

Year	US Exports to Mexico	US Exports to Canada	US Imports from Mexico	US Imports from Canada
2018	6.3	5.2	5.6	0.9
2019	6.1	5	5.8	0.8
2020	5.8	4.7	5.5	0.7
2021	6	4.9	5.7	0.8
2022	6.2	5.1	5.9	0.9
2023	6.4	5.3	6.1	1

Source: US Office of Textiles and Apparel (OTEXA)

The data demonstrates a consistently strong two-way trade, with Mexico being a major partner. The steady growth of imports from Mexico shows the success of the coproduction model. The 2023 data shows a continued upward trend. According to statista, "In 2023, the value of US textile and apparel exports to Mexico amounted to about 6.9 billion US dollars." This shows how large of a trading partner Mexico is to the US In 2023, US textile and apparel exports reached $29.7 billion, with 53 per cent directed to Mexico and Canada ($12.3 billion). Mexico holds its place as a crucial exporter, with $9 billion in textile and apparel sent to the US Canada's specialization in high-value textiles, such as technical fabrics, is evident, with 64 per cent of its textile exports destined for the U.S.
USMCA's Double-Edged Sword: Benefits and burdens

USMCA's impact is complex:

Supply Chain resilience:

The agreement aimed to secure regional supply chains, vital in times of global disruption. However, reliance on a single region can also expose vulnerabilities.

Market Access and investment:

Duty-free access has spurred investment, particularly in Mexico's apparel sector. However, the threat of tariffs casts a long shadow.

The De Minimis dilemma:

The $800 de minimis threshold is a battleground. U.S. manufacturers argue it favors Asian e-commerce giants, leading to unfair competition and potential illicit trade. Advocates for de minimis point to the reduced costs for consumers and small businesses.

NCTO President Kim Glas has been very vocal about this loophole, and the danger it poses to the US textile market.
Anticipated scenario and future outlook

If the proposed 25 per cent tariffs are imposed, the anticipated scenario would see disruptions across the entire North American textile and apparel supply chain. Higher costs for raw materials and finished goods would likely force companies to seek cheaper alternatives outside the USMCA region, undermining the very goals of the trade agreement.

Additionally, the closure of the de minimis loophole could help level the playing field for North American manufacturers but would also require robust enforcement to prevent transhipment and undervaluation practices.

In response to these challenges, Mexico has initiated strategies to reduce its trade deficit with China and attract more investment, aiming to strengthen its position within the USMCA framework and reduce economic dependence on non-member countries.

While these agreements have fostered growth and integration, evolving economic policies and global challenges continue to redefine the landscape. Stakeholders must remain adaptable, emphasizing innovation, ethical practices, and strategic partnerships to navigate the complexities of international trade in this sector.

Source: fashionatingworld.com– Mar 01, 2025

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Economic sentiment, employment expectations up in EU, euro area in Feb

The economic sentiment indicator (ESI) increased in February this year in both the European Union (EU) and the euro area by 1.1 points to 97.1 and by 1 point to 96.3 respectively, according to the European Commission's Business and Consumer Survey results for the month.

The employment expectations indicator (EEI) turned down in both areas: by 1.2 points to 98.1 in the EU and by 1.5 points in the euro area to 97. Both indicators scored below their long-term average of 100.

The strengthening of the ESI in the EU stemmed from improved confidence in industry and among consumers, which was moderated by a decrease in construction confidence. Confidence in retail trade remained broadly unchanged and services confidence was stable.

The improvement in economic sentiment was reflected in most of the largest EU economies, with the ESI increasing significantly in Poland (plus 3.4), and noticeably also in France (plus 2.3), Germany (plus 1.2) and the Netherlands (plus 0.8). Italy (minus 0.4) and Spain (minus 2) registered a decline in their respective ESIs.

Industry confidence increased for the second month in a row in February (plus 1.4), as all three components—managers' production expectations and their assessments of the current level of order books and the stocks of finished products—improved.

Consumer confidence improved slightly (plus 0.4) in the month as consumers became less pessimistic about the general economic situation in their respective country and increased their intentions to make major purchases.

Their views on both their households' expected financial situation and past financial situation remained essentially stable.

Retail trade confidence remained broadly stable (minus 0.2). Retailers' business expectations for the next three months and their views on the past business situation worsened moderately, but they were almost offset by an improvement in the assessments of the volume of stocks, a release from the Commission said.

The Commission’s economic uncertainty indicator (EUI) remained stable at 18.2. Managers’ uncertainty about their future business situation increased in services and construction, offset by lower uncertainty among managers in industry and retail trade. Consumers’ uncertainty about their future financial situation continued to decline in February.

Source: fibre2fashion.com– Mar 02, 2025

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Global Apparel Trade: Diverging trends signal market recalibration

The global apparel market, with economic currents and consumer trends, presents a complex scenario in early 2025. While certain regions saw good growth, others grappled with stagnation and reduction, signalling a period of significant recalibration, indicates Wazir Advisors latest 'Apparel trade scenario in key global markets and India February 2025'.
Diverging import trends, a tale of two continents

The 2024 apparel import figures reveal a clear difference between the transatlantic markets. The US and EU showed modest growth, with a 2 per cent year-over-year (YoY) increase in imports, reaching $80.3 billion and $88.2 billion, respectively. This suggests sustained, albeit moderate, demand within these major markets.

However, the UK and Japan present a contrasting narrative. The UK experienced a significant 8 per cent YoY decline, with imports falling to $18.4 billion, while Japan saw a 5 per cent drop to $22.5 billion. These declines point to potential economic headwinds or shifting consumer preferences in these regions, necessitating closer observation.

Export dynamics, strength in the East

Apparel exports in January 2025, the data highlights the continued strength of major producing nations. Bangladesh maintained its dominant position, achieving a 6 per cent YoY increase to $3.7 billion. More notably, India showed good growth, with a 14 per cent YoY increase to $1.6 billion. This export performance suggests these countries are effectively capitalizing on global demand, potentially aided by factors such as competitive pricing and increased production capacity.

Retail realities, in-store vs. online

The retail landscape paints a mixed picture, particularly in the US and UK. In the US, traditional apparel store sales experienced a healthy 11 per cent YoY increase in January 2025, alongside a dramatic 25 per cent rise in home furnishing sales. This signifies a potential resurgence of in-store shopping, possibly driven by pent-up demand or evolving consumer preferences.

Conversely, US clothing and accessories e-commerce sales in 2024 fell by 2 per cent compared to 2023. This suggests a possible saturation of the online market, or a movement of consumers back to brick and mortar stores. The UK presents a similar trend, with a striking 27 per cent YoY rise in apparel store sales in January 2025, reaching £3.8 billion. However, UK clothing e-commerce sales were flat in 2024, mirroring the US trend.

Macroeconomic Shadows: US Uncertainty

The US macroeconomic indicators cast a shadow over the otherwise positive retail figures. January 2025 witnessed a concerning rise in inflation for the fourth consecutive month, reaching 3 per cent. 1 Simultaneously, consumer confidence declined, albeit slightly, to 104.1. These factors raise concerns about potential future economic slowdowns, which could dampen consumer spending on apparel and other discretionary items.

Diverging regional performance: The disparity in import data underscores the importance of regional analysis in understanding global apparel trends.

Export strength: The continued growth of apparel exports from Bangladesh and India demonstrates their critical role in the global supply chain.

Retail resurgence?: The strong performance of physical apparel stores in the US and UK raises questions about the future of e-commerce in this sector.

Macroeconomic impact: The US macroeconomic indicators warrant close monitoring, as they could have significant repercussions for the apparel market. Thus, the global apparel market is passing through a complex space at the moment marked by both opportunities and challenges. Moving forward, stakeholders must remain vigilant, adapting to evolving consumer preferences and macroeconomic fluctuations to ensure sustained growth.

Source: fashionatingworld.com– Mar 01, 2025

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Turkiye's apparel exports drop 2.4% to 1.35 bn in January 2025

Turkiye's apparel exports declined by 2.40 per cent year-on-year (YoY) in January 2025, totalling $1,356 million compared to $1,389 million in the same month of 2024, according to data from the Turkish Statistical Institute and the Ministry of Trade. The country's apparel exports had recorded a drop of 4.47 per cent to $17.494 billion in 2024.

Exports of knitted and crocheted clothing and accessories (HS Chapter 61) increased by 0.9 per cent to $772.534 million, up from $765.433 million in January 2024. Non-knitted apparel and accessories (HS Chapter 62) experienced a 6.5 per cent decline, falling to $583.975 million from $624.457 million during the same month last year, as per the trade report on the top twenty chapters.

Among the top 20 product chapters imported by Turkiye, no textiles-related chapter appeared in January 2025.

During 2024, Turkiye's apparel exports declined by 4.47 per cent to $17.494 billion, compared to $18.314 billion in 2023. Shipments of knitted and crocheted clothing and accessories (HS Chapter 61) dropped by 1.6 per cent to $10,109.110 million, down from $10,277.566 million in 2023. Non-knitted apparel and accessories (HS Chapter 62) experienced an 8.1 per cent decline, falling to $7,385.592 million from $8,037.378 million in 2023.

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

Source: fibre2fashion.com– Mar 03, 2025

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Global total air cargo demand up 3.2% in Jan 2025: IATA

Total global air cargo demand, measured in cargo tonne-kilometers (CTK), rose by 3.2 per cent year on year (YoY) in January this year (3.6 per cent for international operations) for the eighteenth consecutive month of growth, according to the International Air Transport Association (IATA).

Capacity, measured in available cargo tonne-kilometers (ACTK), increased by 6.8 per cent YoY in the month (7.3 per cent for international operations).

"January marked 18 consecutive months of growth for air cargo, but the month's 3.2 per cent YoY growth is a moderation from double-digit peaks in 2024. Similarly, yields, while still above January 2024 levels, saw a 9.9 per cent decline from December as cargo load factors also declined by an average of 1.5 percentage points," said IATA director general Willie Walsh in a release from the organisation.

"While external factors such as trade growth, declining fuel costs and expanding e-commerce remain positive for air cargo, it is important to closely watch the evolution of market conditions at this time. In particular, the wild card is the potential for tariff-driven trade policies from the US Trump administration. Fortunately, the air cargo industry is well practiced at dealing with shifts in the operating environment," he noted.

Asia-Pacific airlines saw a 7.5-per cent YoY demand growth for air cargo in January. Capacity increased by 10.9 per cent YoY.

North American carriers saw a 5.3-per cent YoY demand growth, while their capacity rose by 7.5 per cent YoY.

European carriers saw a 1.3-per cent YoY growth, while their capacity increased by 3.5 per cent YoY.

Middle Eastern carriers saw a 8.4-per cent YoY demand drop in the month, the slowest among the regions. Capacity decreased by 1.2 per cent YoY.

Latin American carriers saw a 11.2-per cent YoY increase in such demand growth in January, the strongest growth among the regions. Capacity increased by 10.6 per cent YoY.

African airlines saw a 3.4-per cent YoY decrease in such demand in the month. Capacity increased by 5.4 per cent YoY.

Most international routes experienced growth in January. Airlines are benefitting from rising e-commerce demand in the US and Europe amid ongoing capacity limits in ocean shipping.

Source: fibre2fashion.com– Mar 03, 2025

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Bangladesh: EPB raises fees for exporter services, forms

The changes, outlined in a notification issued yesterday, include a 50% rise in the cost of export-related forms and increased charges for GSP registration, renewal, and certificate issuance for both textile and non-textile products.

The fee adjustments range from a minimum increase of Tk100 to a maximum of Tk3,000.

Exporters have expressed concerns, stating the increases do not align with efforts to reduce business costs.

Fazlul Haque, former president of the Bangladesh Knitwear Manufacturers and Exporters Association, said, "The fee increases are relatively small compared to overall export costs, but as a non-commercial organisation, the EPB should refrain from raising fees. This could encourage similar increases from other agencies."

EPB Vice Chairman Md Anwar Hossain explained the fee adjustments were necessary due to rising operational costs, including increased paper prices.

"Fees had not been adjusted since 2014 and the current increases were deemed necessary after careful review by the EPB board," he added.

Key fee changes

GSP certificate issuance has been increased from Tk500 to Tk600, with a Tk500 fee for applications processed after 24 hours. Certificates of Origin (SAPTA, SAFTA, China, Korea, Chile, etc) have been increased by Tk100.

Textile product registration has been increased from Tk5,000 to Tk7,500, and textile product registration renewal from Tk3,000 to Tk4,000.

Non-textile product registration has been increased from Tk2,000 to Tk5,000, and non-textile product registration renewal from Tk1,000 to Tk3,000.

Preferential Certificate of Origin forms (GSP, SAFTA, etc) have been increased from Tk200 to Tk300.

A 15% VAT will be added to all fees, states the EPB notice.

According to the notice, exporters are required to obtain these registrations and certificates to export goods.

The EPB projects issuing 90,000 GSP certificates and 140,000 Certificates of Origin in the current fiscal year, aiming for Tk11 crore in revenue, are consistent with the previous year's earnings.

Source: tbsnews.net– Mar 01, 2025

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Pakistan: Weekly Cotton Review: Prices continue to decline

In recent days, cotton prices have continued to drop, with trading activities remaining sluggish in local markets. Internationally, the New York Cotton Exchange witnessed mixed trends, where prices hovered around 82 cents per pound.

A high-level delegation from Brazil's cotton industry announced cooperation with Pakistan to improve cotton production and quality during a meeting with representatives of All Pakistan Textile Mills Association (APTMA). The delegation stated, "We can assist Pakistani farmers in reviving cotton cultivation by providing modern technology and training."

APTMA's spokesperson emphasised the need for government policies to ensure a "level playing field" between locally produced and imported cotton. He argued, "Tax exemptions on imported cotton are harming domestic growers, creating an uneven competitive environment."

The Punjab government has set a target to expand cotton cultivation to 1 million acres for the upcoming crop season. Agricultural experts believe this move could become a significant step toward self-sufficiency in cotton production.

Dr Yusuf Zafar, Vice President Pakistan Central Cotton Committee has said that adopting modern technology can enhance per-acre yield and profitability in cotton farming.

Meanwhile, Head Transfer of Technology Central Cotton Research Institute Multan Sajid Mahmood urged Pakistan to adopt a Brazil-inspired roadmap for cotton development, emphasising "research, subsidies, and farmer training as key pillars."

Some farmers and ginners expressed concerns that continued tax incentives on imported cotton could undermine local production. They demanded immediate measures under the "Grow Cotton, Save the Economy" campaign, coupled with a "Save Cotton" initiative to protect domestic stakeholders.

During the past week in the local cotton market, mixed trends were observed in cotton prices, with trading activities contingent on quality and payment conditions. Although the trading volume remained low, sources indicate that unregistered transactions are also taking place. Currently, ginners hold a stock of approximately 350,000 bales of cotton and are facing anxiety. On the other hand, textile spinners are also grappling with challenges.

APTMA has been persistently appealing to the government for extension of the EFS facility to local cotton. However, its call for a "level playing field" continues to be ignored. Additionally, yarn and fabric are being imported in large quantities under the EFS facility, severely impacting the entire textile sector. According to APTMA, over 40% of textile mills have already shut down, with many more on the verge of closure. They assert that the country's textile sector is heading toward collapse.

Government sources are also being accused of indifference, as the deteriorating state of the industry suggests a lack of governmental interest in revitalizing the textile and ginning sectors. The decline of the textile and ginning industries is expected to negatively affect cotton cultivation. Stakeholders warn that if the situation persists, the ripple effects will further destabilize an already struggling agricultural and industrial ecosystem.

Consequently, the already struggling cotton cultivation may face further deterioration. Currently, the government is not showing seriousness in addressing this issue, and delays could prove more damaging. The situation is becoming increasingly grave day by day, and the government must treat it with urgency. Authorities are encouraging farmers to opt for early cultivation of cotton.

According to reports from coastal areas of Sindh, early cotton cultivation is under way in several regions. Similar reports of early cultivation are emerging from various areas in Punjab, as well.

In Sindh province, the price of cotton is in between Rs 16,000 to 17,500 per maund based on quality and payment conditions. In Punjab province, cotton prices are currently fluctuating between 16,500 to 17,500 rupees per maund. The Spot Rate Committee of the Karachi Cotton Association has kept the spot rate unchanged at 17,500 rupees per maund.

Naseem Usman, Chairman of the Karachi Cotton Brokers Forum, stated that international cotton prices are showing a mixed trend. New York cotton futures are currently trading between 66.50 and 67.50 US cents per pound. According to the US Department of Agriculture's (USDA) weekly export and sales report, 166,900 bales were sold for the 2024-25 season. Vietnam topped the list by purchasing 43,000 bales, followed by China with 31,100 bales in second place, Turkey with 26,700 bales in third place, and Pakistan securing the fourth position with 21,200 bales.

For the 2025-26 season, 32,600 bales were sold. Turkey led with 13,200 bales, Honduras came in second with 8,800 bales, and Vietnam ranked third with 4,800 bales.

The APTMA and a Brazilian delegation discussed cooperation in the cotton sector. In a significant development for the textile and cotton industries, the Brazilian Cotton Producers Association has assured full technical support to Pakistan to enhance domestic cotton production. This high-level delegation, comprising representatives from the Brazilian Cotton Producers Association, the Brazilian Cotton Shippers Association, and the Brazilian Trade and Investment Promotion Agency, visited the Lahore office of the APTMA to explore collaboration and investment opportunities in the cotton sector.

Agricultural experts addressed trainees at a refresher course on cotton production technology organised by the CCRI Multan. Malik Talat Sohail Chairman of Bahali Cotton said that modern cotton production technology is a key driver for increasing profitable yields. However, improvements in production are impossible without quality seeds and better crop management.

A target has been set to cultivate cotton across 1 million acres, with policy incentives offered to farmers who complete sowing by March 31.

Sajid Mahmood, Head of the Technology Transfer Department at the Central Cotton Research Institute, Multan, emphasised the urgent need for Pakistan to invest in research and development (R&D) to revitalise its cotton industry. He highlighted the importance of developing high-yield seed varieties, promoting genetically modified (GM) cotton, and integrating modern agricultural technologies such as digital farming, GPS-enabled machinery, and mechanised harvesting. These advancements, he noted, would enhance productivity while reducing production costs.

He further stressed that adopting advanced irrigation techniques, including drip and pivot irrigation, would optimise water utilisation and improve yields, particularly in drought-prone regions. Additionally, implementing Integrated Pest Management (IPM) strategies would minimise pesticide dependency, while crop rotation practices would help sustain soil fertility and overall agricultural health.

Meanwhile, Sajid Mahmood underscored the necessity of introducing modern post-harvest management systems and standardised grading frameworks to enhance the global competitiveness of Pakistani cotton. He asserted that strong public-private sector collaboration, coupled with farmer training programs and financial incentives, would be instrumental in driving the industry's progress. Drawing parallels with Brazil's successful model of scientific research, agricultural reforms, and technology-driven strategies, he affirmed that Pakistan has the potential to achieve higher cotton yields on limited land and reclaim its standing in the international market.

Source: brecorder.com– Mar 03, 2025

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NATIONAL NEWS

Ministry of Textiles Anchors Post-Budget Webinar Sub-Theme on 'Mission for Cotton Productivity'

The Hon'ble Prime Minister Shri Narendra Modi inaugurated the Post-Budget Webinar on Agriculture and Rural Prosperity, hosted by the Department of Agriculture and Farmers Welfare in collaboration with the Ministry of Textiles today.

The event was graced by the Union Minister of Textiles, Shri Giriraj Singh, along with Smt. Neelam Shami Rao, Secretary of Textiles, and senior officials from various government departments. The session also saw the participation of key stakeholders and experts from the agriculture sector. Following the inaugural address, the webinar branched into multiple breakout sessions focused on various upcoming schemes and missions.

Smt. Neelam Shami Rao, Secretary of Textiles, highlighted the government's strong commitment to strengthening the cotton value chain. She outlined key initiatives such as expanding fibre testing infrastructure, increasing the production of Extra Long Staple (ELS) cotton seeds, and further developing the Kasturi Cotton Bharat initiative to ensure the growth and sustainability of India's cotton sector.

As part of this initiative, the Ministry of Textiles led a crucial discussion on the 'Mission for Cotton Productivity.' The session brought together senior officials from the Union Ministries of Textiles and Agriculture & Farmers Welfare, State Government representatives, industry stakeholders, and leading experts from the textile value chain, including cotton farmers and ginners.

The webinar witnessed active participation from a diverse group of panelists, including industry leaders, policymakers from both state and central levels, eminent scientists, research experts, and farmers. The discussions centered on advancing technology, strengthening market linkages, and fostering innovation in sustainable cotton production. The government's commitment to supporting cotton farmers was underscored, with a focus on leveraging advanced technologies to enhance productivity and ensure long-term sustainability.

The webinar concluded with remarks from the Union Minister Shri Shivraj Singh Chouhan, who reaffirmed the sentiments shared by the Hon'ble Prime Minister. He emphasized the importance the various Ministries taking coordinated steps to ensure that our farmers are prosperous and empowered.

Source: pib.gov.in– Mar 01, 2025

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Commerce minister Piyush Goyal to meet USTR ahead of tariff rollout

Commerce and Industry Minister Piyush Goyal is headed to Washington on Sunday night to meet key officials of the US administration, weeks after Prime Minister Narendra Modi and US President Donald Trump decided on a bilateral trade agreement (BTA).

During his visit, Goyal is set to meet United States Trade Representative (USTR) Jamieson Greer, who was appointed a week ago, and US Secretary of Commerce Howard Lutnick, among other officials, during March 4-6.

Goyal will be accompanied by top officials from the commerce department, including chief negotiator Rajesh Agrawal.

Washington had threatened to slap reciprocal tariffs on countries, including India, within a month.

India may seek exemption from reciprocal tariffs and both the countries plan to give bigger market access through the trade deal.

The visit also signals India's urgency to seek clarity regarding shift in the new US government's trade policy.

This will be Goyal's first interaction with key officials of the Trump administration amid threat of a reciprocal tariff that is set to hurt Indian businesses. Bilateral merchandise trade between the two nations stood at nearly $120 billion in FY24.

USTR had already invited comments from the public on the reciprocal tariffs and had sought submission by March 11.

Trump had made it clear that Washington will not spare India from reciprocal tariffs, and repeatedly called India a high tariff nation. He labelled India as a "big abuser of tariff" and even a "tariff king" — citing examples such as motorcycles as well as the agriculture sector.

India and the US have also announced their intention to sign the mutually beneficial BTA over the next seven-eight months.

The meetings could also see discussions on the broad contours of the BTA. India may also flag the discrepancies in interpretation of tariff rates between New Delhi and Washington.

Government departments in India have started preparing the groundwork for the upcoming talks to finalise the contours of the proposed trade deal.

The commerce department has held discussions with various government departments and ministries. It has asked them to explore what could be the demand from both sides, including the extent to which India can give tariff concessions and what it can reasonably ask from the other side.

Delhi-based think tank Global Trade Research Initiative (GTRI) said in a report on Sunday that in order to deal with reciprocal tariffs, India can offer zero tariffs on most industrial goods to the US or absorb new US tariffs without retaliation.

“If countries retaliate with counter tariffs, Trump is likely to escalate further, triggering a downward spiral that could harm partners like India. To avoid this, India may absorb new Trump tariffs without direct retaliation… instead of engaging in a trade conflict, India should quietly reduce its dependence on the US by avoiding preferential treatment in oil purchases, defence deals, or other areas,” the report said.

“The focus should be on strengthening domestic industries to prepare for the next phase of global trade,” it added.

It said that no action would be the next best option for India after the ‘Zero-for-Zero’ strategy — where India can keep zero tariffs on most industrial goods to the US.

Source: business-standard.com– Mar 02, 2025

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India-US trade talks: Goyal may skip 'tit-for-tat' threats for now

As Commerce & Industry Minister Piyush Goyal travels to Washington DC for trade talks this week, India has no plans yet to warn the US of retaliatory action for import tariffs announced on steel and aluminium and reciprocal levies threatened on other goods, sources said.

"India may have more clarity on what the US has in mind in terms of reciprocal tariffs and a bilateral trade agreement once Minister Goyal meets with top trade officials in Washington DC. He is not likely to warn the US of immediate retaliation as attempts would be made to resolve issues through the proposed bilateral trade agreement," a person tracking the matter told businessline.

Countries like Canada and the EU have already threatened the US with counter measures in response to Washington's tariff announcements.

Goyal may, however, mention that while India had imposed retaliatory tariffs on 28 products when Trump put 25 per cent tariffs on steel and 10 per cent on aluminium in 2018 during his first term in office, it revoked them on key items in 2023. The rollback happened for key US exports, including almonds, apples, walnuts and lentils, after the US agreed to partly lift the duty restrictions.

"The idea is to build a strong case for waivers and exemptions," the official said.

The steel and Aluminium import tariffs are to be implemented from March 12, when the details of all items covered may also be specified. Next month, the US has planned reciprocal tariffs on other imports from countries with which it suffers a trade deficit, including India.

Trump had been complaining about India's "very high" import tariffs since his election campaign last year and warning of reciprocal tariffs.

India's simple average tariff rate is 17 per cent, compared to the US' 3.3 per cent, per WTO numbers.

While Trump agreed to work on a bilateral trade agreement with India to benefit both sides during Prime Minister Narendra Modi's recent visit to the US, the contours of the pact are not clear.

"There is no clarity even on whether the bilateral trade agreement will be on an MFN (most favoured nation) basis or a non-MFN basis," the source said.

If the tariff cuts were to be offered on an MFN basis, it would need to be extended to all countries, resulting in stiff competition for the Indian industry, the source noted.

Before Modi's recent visit to the US, India reduced MFN tariffs on a few products of interest to the US, including motorbikes and bourbon whisky.

New Delhi is now reportedly considering more duty cuts on items such as medical devices, chemicals and electronics.

Moreover, it is ready to consider buying more oil and defence items from the US to close the trade gap of over $35 billion annually.

If the US imposes reciprocal tariffs, India could retaliate by raising tariffs on US goods, taxing US digital firms, or issuing compulsory licenses for patented drugs, according to Ajay Srivastava from research body GTRI.

"However, such countermeasures would provoke further US action, starting a race to the bottom, escalating into a trade war that could significantly hurt India. Given the risk of prolonged economic damage, the government may consider all aspects before taking action," he said.

Source: thehindubusinessline.com– Mar 02, 2025

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Government should convey to the U.S. that Indian tariffs are WTO-compliant, says think tank GTRI

India's import duties are in compliance with global trade rules and the government should convey this to the U.S. administration, Global Trade Research Initiative (GTRI), an economic think tank, said on Sunday (March 2, 2025).

It also said that negotiating a comprehensive Free Trade Agreement (FTA) with the U.S. presents several challenges.

The U.S. may push India to open government procurement to American firms, reduce agricultural subsidies, weaken patent protections by allowing evergreening, and remove restrictions on data flows, it said, adding India had resisted these demands for decades and was still not prepared to accept them.

U.S. President Donald Trump on multiple occasions has alleged that India had high tariffs and termed it "tariff king" and "tariff abuser".

Tariffs are import duties imposed and collected by the government and paid by companies to bring foreign goods into the country.

"India's tariffs are consistent with WTO (World Trade Organization) rules. They are the result of a single undertaking at the WTO which all countries, including the U.S., approved in 1995...Indian tariffs are WTO compliant. The Indian side needs to explain [this] to the U.S.," GTRI founder Ajay Srivastava said.

The 166-member forum is the only international body that deals with the rules of trade between nations.

When the WTO was established in 1995, developed nations agreed to let developing countries retain higher tariffs in exchange for commitments on Trade-Related Aspects of Intellectual Property Rights (TRIPS), services trade liberalisation, and agricultural rules that primarily favoured wealthier nations.

Mr. Srivastava said many developing nations argue that the commitments made under TRIPS and agriculture had disproportionately benefited developed countries, limiting their ability to industrialise.

"[U.S. President] Trump, while talking about India's high tariffs, conveniently forgets this," he added.

He also said that India's exports to America often have low local value addition and this must be considered when assessing trade balances between the two countries.

The sectors where local value addition in exported goods are low include iPhones, solar panels, diamonds, and petrochemicals, he said.

The GTRI further said that India's best options to deal with the U.S.'s threat to impose high duties include offering zero tariffs on most industrial goods to the U.S., or absorbing new U.S. tariffs without retaliation "much like Shiva consumed poison without swallowing it".

"FTA negotiations will take time, and by the time an agreement is reached, Trump may have already imposed reciprocal tariffs, making the deal ineffective. On account of these reasons, this option is the worst option, [and is] not advisable," the GTRI said.

Source: thehindu.com– Mar 02, 2025

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Zero duties on select industrial items to avert reciprocal tariff threat by US: Report

As the reciprocal tariff plan of the US is expected to get greater clarity within a month and a bilateral trade deal between the two countries is expected only by last quarter of 2025, one of the options for India to avoid the new taxes by the world's largest economy is to propose zero duties on some industrial products, according to a report.

"A more proactive approach would be for India to propose eliminating tariffs on most industrial products, provided the US does the same. India should identify tariff lines where duty cuts won't harm domestic industries, referencing its past FTA offers to Japan, Korea, and ASEAN. Agriculture may be excluded from the offer," the report by Global Trade Research Initiative said.

"India should present this proposal before April, ahead of the US tariff decision. If accepted, India could significantly reduce or avoid reciprocal tariffs," founder of GTRI Ajay Srivastava said.

Under the Asean-India Trade in Goods Agreement (AITIGA) agreement was reached in 2010 to progressively reduce and eliminate tariffs on 76.4% of goods traded between two sides. Tariff reduction was on 90% of the products. India's FTA with Japan covers more than 90% of the bilateral trade. Japan and India have liberalized 92 % and 87.16% of tariff lines.

Commerce and Industry Minister Piyush Goyal will be visiting Washington from Monday with key officials to initiate contact with his counterpart US Trade Representative Jamieson Greer.

The meetings in the US are expected to help both sides to get an idea of what "first tranche of multi sector Bilateral Trade Agreement (BTA)" should cover. The agreement of the BTA was reached between Prime Minister Narendra Modi and US President Donald Trump on February 13.

Negotiating a deep FTA with the US presents several challenges. Trump's decision to impose 25% tariffs on Mexico and Canada despite finalizing the US Mexico Canada Agreement in 2019 reflects his skepticism toward free trade agreements, according to GTRI.

In the FTA the US may push India to open government procurement to American firms, reduce agricultural subsidies, weaken patent protections by allowing evergreening, and remove restrictions on data flows—demands India has resisted for decades and is still not prepared to accept, Srivastava said.

"Additionally, many trade issues typically covered in FTAs are already addressed under the Indo-Pacific Economic Framework (IPEF), where India is a member. Moreover, FTA negotiations will take time, and by the time an agreement is reached, Trump may have already imposed reciprocal tariffs, making the deal ineffective," he added.

Zero-for-Zero is the best option India has in the unfolding scenario as others like retaliation on tariffs would lead to an all out trade war that could significantly hurt India. By not acting also India can cut its losses. "India should quietly reduce its dependence on the U.S. by avoiding preferential treatment in oil purchases, defense deals, or other areas. The focus should be on strengthening domestic industries to prepare for the next phase of global trade," Srivastava said.

Source: financialexpress.com– Mar 02, 2025

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US Reciprocal Tariffs Threat: Shifting supply chains, and India's ambitious play for a US trade deal

The clang of tariffs reverberates through the global textile and apparel industry, as the United States' strategy of reciprocal levies forces a dramatic restructuring of trade flows. The policy, designed to level the playing field, has ignited a fierce competition among major exporters China, Vietnam, India, and Bangladesh each vying for a larger slice of the lucrative US market. However, it's India that's emerging as a particularly keen contender, sensing a unique opportunity to capitalize on China's tariff-induced challenges and leverage a potential US trade deal to its advantage.

The Tariff Divide: A foundation for disruption

Country	Average Tariff Difference
India	15.60%
Vietnam	-12.30%
Bangladesh	9.37%

At the core of this trade upheaval lies the "tariff differential," a strategic tool employed by the US to address perceived trade imbalances. This differential the disparity between tariffs imposed by the US and those imposed by its trading partners creates a complex landscape where some nations face steeper levies than others. Data from Nomura reveals the stark contrasts:

This disparity directly impacts the cost competitiveness of these nations' exports. India and Bangladesh, with their positive differentials, face the prospect of higher costs in the US market, while Vietnam, with its negative differential, stands on comparatively firmer ground.

Export Dynamics: A data-driven shift

The impact of these tariffs is evident in the shifting export volumes. Data from the Office of Textiles and Apparel (OTEXA) confirms a decline in Chinese textile exports to the US, while Vietnam experiences a notable surge. This realignment is further illuminated by detailed tariff data:

The price sensitivity of the textile market amplifies these effects. Reports from market analysis firms indicate that manufacturers are grappling with increased costs, forcing them to absorb losses or seek alternative markets. India's Apparel Export Promotion Council (AEPC) highlights that 28 per cent of India's textile and apparel exports go to the US, with significant tariff variations lower duties on cotton fabrics and as high as 33 per cent on man-made fibers.

Country	Avg. Tariff on US Imports	Avg. Tariff on Exports to US	Source
India	24.80%	9.20%	Nomura
Vietnam	0.70%	13%	Nomura
Bangladesh	25%	15.62%	Nomura/World Bank

India's Two-Pronged Strategic Play: US trade deal and market share gains

With China facing considerable tariff pressure, and the US indicating a desire to enact reciprocal tariffs upon India, India sees not only an opportunity to expand its footprint in the US market, but a necessity to protect its economic interests. A planned bilateral trade agreement with the US could be used to push for increased textile exports, alongside other industries like agriculture, aluminium, and steel, to mitigate the potential damage from reciprocal tariffs.

This trade agreement is seen as a vital shield, ensuring that Indian exports remain competitive. The Global Trade Research Initiative (GTRI) has identified that while textiles face significant tariff differences, agricultural exports could be the most severely affected, thus highlighting the urgency of a comprehensive trade deal.

Vietnam and Bangladesh: Navigating the tariff maze

While India strategically pursues a trade deal, Vietnam and Bangladesh face their own set of challenges. Vietnam has surged to become the largest textile exporter to the US in the first five months of 2024, surpassing China. However, 70 per cent of both Vietnam's and Bangladesh's textile and apparel exports consist of ready-made garments, which face the prospect of higher tariffs.

Bangladesh, heavily reliant on its textile sector (11 per cent of its economy), and Vietnam, where textiles account for 15 per cent of the economy, are particularly vulnerable to tariff fluctuations. In contrast,

India's diversified economy, with textiles contributing 2.3 per cent to its GDP, provides a buffer.

The Evolving Landscape: Adapting to change

Country	2013 Textile Exports (USD Billion)	2023 Textile Exports (USD Billion)	Source
India	34.2	36.36	WITS, DGCI&S, GTRI estimates
Vietnam	23	45.2	WITS, DGCI&S, GTRI estimates
Bangladesh	27.74	46.4	WITS, DGCI&S, GTRI estimates

The long-term implications of the US reciprocal tariffs remain uncertain. However, the global textile industry is undergoing a profound transformation. Manufacturers are diversifying their supply chains, investing in

The ability to adapt to these changes will determine the success of each nation. Future trends will be shaped by US trade policy, including the results of any potential trade agreements, technological advancements, and the growth of alternative markets. India, with its strategic vision and growing manufacturing capabilities, coupled with the pursuit of a vital trade deal, is poised to play a pivotal role in this evolving landscape.

Source: fashionatingworld.com– Mar 01, 2025

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GST collections rise 9% to ₹1.83 lakh cr in Feb, marking 12th straight month above ₹1.7 lakh cr

Collection from Goods & Services Tax GST rose over 9 per cent to over ₹1.83 lakh crore in February, data released by the Finance Ministry on Saturday. This reflect improvement in consumer sentiments.

Also, this is the 12th consecutive month with over ₹1.7 lakh crore of collections. However, February data is only for 28 days; otherwise, the collection could have been more. During the same month, net GST collections, after discounting the refunds, were also 8.1 per cent higher from the previous year.

Gross Goods and Services Tax (GST) revenue includes a 10.2 per cent jump in domestic revenues to ₹1.42 lakh crore and a 5.4 per cent rise in revenues from imports to ₹41,702 crore during February.

As per the data, during the month, mop-up from Central GST stood at ₹35,204 crore, State GST at ₹43,704 crore, Integrated GST at ₹90,870 crore and compensation cess of ₹13,868 crore.

Commenting on the data, M S Mani, Partner with Deloitte India, said that the trend of GST collections on domestic transactions growing at a healthy 10% plus seen during the current year has continued this month as well. However, the GST collections on imports during the month have slowed down to 5.4%. This needs to be correlated with the GDP data on domestic consumption and imports.

" While GST collections in large manufacturing and consuming states like Haryana, UP, Maharashtra, Tamil Nadu, MP, Karnataka have shown handsome increases in the range of 10 per cent to 20 per cent, a detailed evaluation on the reasons for the low growth in the range of 1 per cent to 4 per cent in Telangana, Gujarat, Assam, AP and Odisha could provide reasons on the factors responsible for growth in GST collections, he said.

Saurabh Agarwal, Tax Partner at EY India, said that the robust GST collection figures indicate that the Indian economy is withstanding global economic challenges.

The consistent rise in domestic GST revenue compared to import-related collections points to the effective implementation of the Atmanirbhar Bharat policies. Furthermore, the government's increased disbursement of domestic and export refunds, including those related to inverted duty structures, demonstrates its commitment to easing working capital pressures on businesses.

"This trend suggests a potential move towards resolving inverted duty issues across various sectors in a short run, which would streamline administrative processes for both the government and taxpayers", he said.

Source: thehindubusinessline.com– Mar 01, 2025

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India, EU to push for long-pending free trade agreement by 2025-end

Prime Minister Narendra Modi and European Commission President Ursula von der Leyen on Friday set a deadline to seal the long-pending free-trade agreement (FTA) by the end of this calendar year, amid fears of an escalating trade war and a changing geopolitical landscape.

The trade deal will be accompanied with pacts on investment protection and geographical indicators (GI).

Finalising a trade deal is expected to give a fresh impetus to relations between India and the European Union (EU), amid fast-changing geopolitical scenarios — diversifying supply chains from China and, more recently, the escalating trade war due to reciprocal tariff threats from American President Donald Trump.

The timing of these FTA talks will be crucial since India and the US plan to negotiate the first phase of a trade agreement over the next seven-eight months.

Finalising a trade deal with the US and EU will result in India having FTAs with two of its largest trade partners — indicating the growing importance of bilateralism in trade.

"The sectors our talks covered included trade, technology, innovation, skill development, mobility and more. We also seek to deepen investment linkages.

At the same time, our commitment to sustainability remains paramount, reflecting in discussions around green hydrogen, renewable energy and more," Modi said on X, after meeting von der Leyen, who is on a two-day visit to New Delhi. She was accompanied by European Union (EU) commissioners from 21 countries — the first such visit to India.

An India-EU broadbased bilateral trade and investment agreement (BTIA) was mooted 18 years ago. However, after 15 rounds of discussion, negotiations were stalled in 2013 because the two sides were not able to compose their differences.

Thereafter, talks were relaunched in June 2022, but despite nine rounds of negotiations, a gulf stayed between the two sides. Then an assessment remained pending at a "political" level after the previous round of negotiation in September.

A senior EU official said the trade bloc was ready to respond to India's request but its key offensive interests include cars, wines and spirits, agriculture, and government procurement. The official also laid stress on the fact that lower duties for wines and spirit were a non-negotiable demand.

"For us, cars, and wines and spirits are examples of two very important sectors for European industry … I would even go so far as to say without substantive commitments on cars, there will not be a trade agreement between the EU and India. And of course, our Indian colleagues and counterparts are duly aware of that, but it is up to them to respond to that," the official said.

The trade bloc is keen on greater market access in the agriculture sector, especially in processed agricultural products from countries like France and Italy. "We remain fully focused on getting a good deal for Europe and will also include strong commitments on agriculture. The trick is always to navigate the sensitivities in a way that can isolate … but maintain a high level of commitment," the official told reporters.

One of the major hurdles in the way of the talks has been New Delhi's concern over the EU's stance on sustainable development, since the trade bloc is set to implement regulations such as the carbon border adjustment mechanism (CBAM), deforestation regulations, and supply-chain law. India officials say gains could be limited because these regulations will become a non-trade barrier and hurt Indian exports at a time when both sides are trying to finalise an FTA. However, they also welcomed relatively easy compliance norms for the CBAM, announced by the EU on Wednesday.

"The CBAM is a concern for a large number of countries in the global south and India. We have noted that the EU has made modifications to the CBAM to make it easier to comply with," a senior official of the Ministry of External Affairs told reporters in a briefing.

The EU is India's largest trading partner, accounting for 12.2 per cent of Indian trade, surpassing the US, which has a 10.8 per cent share, followed by China at 10.5 per cent.

India is the EU's ninth-largest trading partner, accounting for 2.2 per cent of the bloc's trade in goods in 2023. At $75.9 billion, the EU accounted for 17.4 per cent of India's goods export during 2023-24, while imports stood at $61.5 billion, with a 9 per cent share. The trade bloc is India's second-largest trading partner in goods.

Source: business-standard.com– Feb 28, 2025

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India can be the world leader in textiles. Here's how

We have a lot going for us — a relatively stable economy and government, good relationships with the world's leading nations, a centuries-old textile tradition and a young population

With a little recalibration, India can seize the opportunity and establish itself as a giant in the global textile landscape, where the Indian tiger roars while the dragon cedes market share.

One goal that India must prioritise if it has to become Viksit Bharat by 2047 is job creation. The textiles and apparel industry is India's second-largest employer after agriculture, providing direct employment to 45 million people. The sector is expected to motor on at an annual growth rate of 10 per cent and become a USD 250 billion market by 2030, with the potential to add millions of more jobs. If our exports grow from the current USD 45 billion to the targeted USD 100 billion, and if the economy grows at 6-7 per cent a year, textiles can add up to one million jobs every year from now to 2030 — 10 per cent of what the country needs.

This is all very good. But we have an opportunity to be great. China, Bangladesh and Vietnam, the world's three leading textile exporters, are undergoing shifts for reasons ranging from geopolitics to internal turmoil. Global markets are increasingly looking towards India. We have a lot going for us — a relatively stable economy and government, good relationships with the world's leading nations, a centuries-old textile tradition and a young population.

The government has been forward-looking in its support of the industry. It has approved various schemes with outlays of several thousand crores that incentivise the sector — such as the Pradhan Mantri Mega Integrated Textile Region and Apparel (PM MITRA) Parks, the Production Linked Incentive (PLI) Scheme and the Rebate of State and Central Taxes and Levies (RoSCTL) Scheme.

The USD 100 billion Indian textile market presents a huge domestic opportunity. A burgeoning middle class is driving demand and this trend is further amplified by Gen Z. The mainstreaming of e-commerce, and the emergence of quick commerce, has eased people's access to apparel and fashion. While there are lulls during a crisis like Covid or during recessionary phases, Indians retain a healthy consumption appetite.

With so many pieces of the jigsaw ready, how do we ensure labour efficiency and thereby generate more jobs and increase market share? India suffers a 15-20 per cent cost disadvantage compared to competing countries like Bangladesh and Vietnam. A big component of this is lower efficiency in the labour-intensive garment manufacturing process. How do we remedy this?

These are some of my suggestions. Often in India, if the jobs are in one hub, the workers are elsewhere. Even Tiruppur, the apparel mega-hub in Tamil Nadu, has a labour shortage because industries there are growing fast and workers quit often. On the other hand, in places like Uttar Pradesh, Bihar, Odisha and Madhya Pradesh, where jobs need to be created, there's barely any industry. India will have to create jobs where they are required. That is why it is important to build the PM MITRA parks in areas where labour is available.

The rate of attrition in our textile industry is as high as 10 per cent. Workers often have to spend a big part of their salary in transport and accommodation and are liable to leave their present employer even for a small wage hike. Many of them tend to be migrants. This has a huge impact on production and eventually the bottom-line. Implementing industrial housing policy can be a game-changer. It could be a combination of a grant, easing FSI regulation or giving GST exemptions for industrial housing.

Creating living quarters for workers near factories, as is done in countries like China, could reduce absenteeism, improve staff retention, and lead to higher productivity. It will also increase the amount of take-home salary for the workers. Textiles are a low-margin business, however. Manufacturers alone cannot pick up the tab for such huge infrastructure. It will need to be supported by the government.

A defining feature of the garment industry is that women represent 90 per cent of its blue-collar workforce. Stable jobs in safe environments empower women. It can bring them into the formal economy and take the nation forward.

Automation is often associated with efficiency and reduced manpower. However, technology and human talent will continue to coexist. When efficiency goes up, the industry will grow, creating more jobs.

The challenges may seem formidable but are surmountable given India's demography and economic heft. With a little recalibration, India can seize the opportunity and establish itself as a giant in the global textile landscape, where the Indian tiger roars while the dragon cedes market share.

The writer is vice chairman, Arvind Limited

Source: indianexpress.com– Mar 01, 2025

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Govt may ease norms to allow 2-month window for ITC on credit notes

In a major relief to goods and services tax (GST) payers, the government is likely to amend Central GST (CGST) Rules, allowing recipients of goods and services up to two months to accept or reject a credit note and adjust the input tax credit (ITC) taken.

At present, taxpayers who use the Invoice Management System (IMS) have to accept or reject credit notes outright.

The move will give taxpayers flexibility and preclude a financial burden.

A credit note is given by the seller to the buyer in cases of sales returns, discounts, and over-billing to reduce the amount payable by the buyer or adjust it against future payments.

The IMS is an automated system to track and verify invoices issued by businesses to help them in claiming ITC. The system was rolled out in October last year by the Centre.

"Now the recipient of goods and services will have the option to keep the credit note pending for one tax period (one month as GST return is filed on monthly basis). However, in case one delays filing the tax return on time, one will get a month more to keep the credit note in pending mode and not more than that," an official said.

At present the IMS is not mandatory though most large GST payers use the system. The official said the proposed move was a step to make the IMS mandatory in due course.

The changes in CGST Rules have become necessary because the Finance Bill, 2025, proposes to amend the CGST Act to make it mandatory for suppliers to ensure reversal of ITC taken by recipients to reduce their own (suppliers) tax liability.

Vivek Jalan, partner with Tax Connect Advisory Services, said the 15 million taxpayers of GST, big or small, had been affected by it since credit notes were the most critical feature of IMS.

"Every relaxation in tax law comes with a rider. In this case, in case the recipient keeps the credit note pending and thereafter accepts it in the next tax period, one will be liable to pay interest for one month. This would be a dampener and industry has to prepare accordingly."

Source: business-standard.com– Mar 02, 2025

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