IBTEX No. 31 of 2025 March 06, 2025

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USD	EUR	GBP	JPY
87.03	94.12	112.33	0.58

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INTERNATIONAL NEWS

Fashion, Textiles, Shoes Seen Least Impacted By Mexico, Canada Tariffs

While fashion will undoubtedly see an impact from U.S. President Donald J. Trump‘s tariffs on imports from Mexico and Canada, it will not be among the hardest hit categories.

That distinction goes to transportation equipment, which in 2023 had a U.S. import value of $195.6 billion. In second place was fuel, at $145.3 billion and rounding out the top three is machinery, at $112.9 billion. Other categories include electronics and electrical machinery, at $94.5 billion, miscellaneous at $78.9 billion, and metals, at $52.5 billion. Prepared foodstuffs was $39.8 billion and vegetable products came in at $35.9 billion.

Fashion categories were either at or near the bottom of the list. Hide and skins, at $600 million, was notable. Just above it was footwear imports at $1.3 billion. Textiles and clothing had an import value of $6.9 billion, coming in just ahead of toys and sports equipment, which was at $1.9 billion.

How tariffs impact fashion sales is through higher prices for the products as companies and retailers pass along a portion of the duties to consumers. And while the fashion categories were much lower on the proverbial totem pole, its higher prices on food—the U.S. relies on Mexico for 63 percent of U.S. vegetable imports, and 47 percent of fruit and nuts entering America—and other necessities that impact how much is left over for discretionary spending on items such as apparel and footwear.

The impact isn’t the same across the board. Some parts of the northeast will see greater impact on fuel costs. Anyone looking to build a new home or start a renovation project will see higher costs for wood products, such as lumber. There’s one bit of good news for automakers and anyone on the hunt to buy a new car.

The White House on Wednesday has provided a limited exemption of the 25 percent duties on imported vehicles—a move that would help General Motors, Ford Motor and Stellantis—from Mexico and Canada for one month, provided they comply with the USMCA, the United States-Mexico-

Canada Agreement on trade that was negotiated during Trump's first term as the 45th U.S. President.

"According to our industry sales survey, for the week ending Feb. 22nd, footwear sales plunged 26.2 percent compared to the same retail week in 2024," Footwear Distributors and Retailers of America (FDRA) president and CEO Matt Priest said in a statement, adding that the data points reflect a survey of over 3,000 stores.

"Sales declines hit every region of the country. This sharp decline isn't just a typical business cycle fluctuation; it's a clear indication of a shift in consumer behavior and sentiment tied to the ongoing rise in inflation, which continues to grow, alongside concerns that new tariffs will push costs even higher."

Consumers were already less confident before Trump's inauguration in January. The Conference Board's Consumer Confidence Index fell by 7 points in February to 98.3. "This is the third consecutive month on month decline, bringing the Index to the bottom of the range that has prevailed since 2022," said.

Stephanie Guichard, The Conference Board's senior economist, global indicators. She noted that survey responses reflected a "sharp increase in the mentions of trade and tariffs, back to a level unseen since 2019," adding that comments on the "current Administration and its policies dominated the responses."

Looking ahead, expect more hits to consumers' purse strings.

In Trump's speech to Congress Tuesday night, he touched upon the upcoming reciprocal tariffs that he plans to impose. "April 2, reciprocal tariffs kick in. And whatever they tariff us, other countries, we will tariff them.

That's reciprocal, back and forth," he said. He cited the European Union, China, Brazil, India, Mexico and Canada, as well as South Korea. The thinking is that they will be difficult to implement for U.S. Customs. But that doesn't appear to deter Trump.

Consequently, the impact on spending could get worse before it gets better, and maybe it also will last longer than expected. Last month, Trump said the new tariffs could cause "some pain," but insisted that any price increases won't be substantial. Tuesday night, he told the world that he's ready to retaliate.

"Whatever they tax us, we will tax them. If they do non-monetary tariffs to keep us out of their market, then we will do non-monetary barriers to keep them out of our market," he threatened. And while Trump's emphasizing all the good that eventually will come from the "America First policies we are putting into place," there's little doubt that in the near term American consumers are the ones who will feel inflationary pressures.

Source: sourcingjournal.com– Mar 05, 2025

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TPM 25: Tariffs Could Cause 'Short-Term Disruption' But Won't Upend US-Mexico Trade

It may take more than a tariff scare to upend an increasingly interconnected and rapidly maturing U.S.-Mexico supply chain for consumer goods.

"Where there's a will, there's a way," seemed to be the message conveyed by trade and logistics experts at the TPM25 trade and logistics conference hosted in Long Beach, Calif. by S&P Global this week.

"This is by far the biggest thing that that could potentially happen between U.S., Mexico and Canada this year," said Mike Burkhart, vice president of North American surface transportation at 3PL C.H. Robinson.

The magnitude of President Donald Trump's 25-percent duties on North American trade partners, levied on Tuesday, is not to be understated. "However, if you think historically about it, the last five years, there has been hundreds of billions of dollars that have gone into Mexico specifically to build manufacturing facilities," Burkhart said.

The expanding network of Tier 1 and Tier 2 suppliers surrounding these final assemblers has created some essential verticalization in the Mexican supply chain for a number of products, and it's getting to a place where "that efficiency can't be duplicated elsewhere" in the Western Hemisphere, he believes.

"Even though [tariffs] could create short-term disruption—and short-term learnings that we will all adjust to as we adjust to all disruption in the marketplace—long term, I think Mexico is still going to be a heavy producer of products in the for the United States and Canada," Burkhart added.

Demetri Venetis, president of freight forwarding at RXO, agreed, saying, "There are certain supply chains that are so entrenched in Mexico when it comes to automotive and industrial electronics, that these long term capital expenditure decisions aren't taken lightly, and they take time before any actions can be made."

In short, “it’s really too early to tell” what the implications of double-digit duties will be on companies’ long-term sourcing strategies, he believes.

“The relationships are so intertwined, where you’re seeing raw materials go in, finished goods come back out, back and forth and back and forth” between Mexico and the U.S., added Jay Gerard, head of Customs at Nuvocargo. “Everyone is so dependent on each other; it’s years of these relationships being built. It’s going to be hard to take away with just the tariffs.”

However, Gerard acknowledged that the back-and-forth nature of the U.S.-Mexico supply chain may see hiccups due to certain provisions of Trump’s directive. “In the executive order, there was a specific claim for no drawback, which means if you do import it and then export it back out, you’re not entitled to reclaim that duty back. So that’s a big deal for people that are moving freight in and out of the country,” he said.

Even if a product is exported, re-exported or destroyed, the tariffs won’t be refunded or remitted—a big downside for suppliers and manufacturers working together across the Southern border.

But even amid all the tariff tumult, which began with Trump’s threats against Mexico last fall, foreign direct investment (FDI) in the country has accelerated, and it’s largely driven by U.S. firms.

According to preliminary data released by Mexico’s Economy Ministry last week, FDI reached about $37 billion in 2024 (the largest preliminary number on record), and 45 percent ($16.5 billion) of that cash infusion came from the U.S., followed by Japan ($4.2 billion), Germany ($3.78 billion) and Canada ($3.2 billion). The vast majority of that investment (80 percent) was a continued funneling of funding from companies already active in the country.

“This is huge, because a lot of the effort that’s already been made is being made larger,” said panelist Jimena Villarreal, Mexico expansion manager at Nepanoa, an advisory firm that helps corporations develop supply chains in Latin America. “It’s adding more lines of production… And obviously the manufacturing hub in the northern part of Mexico is huge for that FDI.”

Much of the investment is currently being directed toward the “Golden Triangle” between Monterrey, Guadalajara and Mexico City.

While U.S. companies are bought into Mexico expansion, panelists acknowledged that the country's ties to China may prove a sore point in the upcoming renegotiation of USMCA, which will take place in July 2026.

"There's no doubt about it. The administration has already spoken about it. I think China's the largest investor in industrial parks; their FDI has doubled over the last couple years so there's a lot of talk about it being the back door when it comes to tariffs," said RXO's Venetis. That could lead to increased scrutiny regarding country of origin for Mexican exports, he added.

"And in addition to that, ownership of these companies… that's a focus that they're going to talk about in 2026," said Gerard. As more companies seek to transition their supply chains closer to home, China-based manufacturing groups are expanding their operations into burgeoning sourcing regions like Latin America and Africa.

U.S. duties on Mexican-made goods may have unintended and unwelcome consequences for the current administration, Villarreal believes. While the federal government has been trying to limit China's influence and "make sure it stays in its lane," it should be reminded that China is an important trade partner to all three North American markets and its influence may be bolstered by the current trade scuffle, she said.

"The decision has effects across all these nations, and North America has to start acting like a trade bloc, more than anything," she added.

Source: sourcingjournal.com– Mar 05, 2025

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China imposes additional tariff on U.S. cotton, how is the historical import situation?

Customs Tariff Commission of the State Council of China: China will impose additional tariffs on some products imported from the United States, effective from March 10, the Customs Tariff Commission said Tuesday.

An additional 15-percent tariff will be imposed on imported chicken, wheat, corn and cotton originating from the United States, according to a statement from the commission. Sorghum, soybeans, pork, beef, aquatic products, fruits, vegetables and dairy products will be subject to an additional 10-percent tariff. The statement comes after the U.S. imposition of an additional 10-percent tariff on products imported from China, effective from March 4. We analyze the impact of this statement based on the historical context of China's tariffs on U.S. cotton and the import situation of U.S. cotton during the trade war.

1. Historical context of China's tariffs on imported U.S. cotton during the trade war

History of China to impose tariffs on U.S. cotton		
Date	Reasons	China's countermeasures
16-Jun-28	On Jun 15, 2018, based on the unilateral findings of the Section 301 investigation, the U.S. government announced that it would impose an additional 25% tariff on $50 billion worth of goods originating from China. The tariff increases on approximately $34 billion of Chinese exports to the U.S. would take effect on July 6, while the tariff increase on the remaining approximately $16 billion worth of goods would be subject to further public comment.	China decided to impose retaliatory tariffs on imported goods originating from the United States, including soybeans, automobiles, and aquatic products, at a rate of 25%, involving approximately US$34 billion of Chinese imports from the United States in 2017. These measures would take effect on July 6, 2018. **(Including cotton)**
3-Aug-18	On July 10, 2018, U.S. time, the U.S. government announced that it would impose an additional 10% tariff on imported goods originating from China, affecting approximately $200 billion of Chinese product exports to the United States.	China imposed tariffs ranging from 25% to 5% on approximately US$60 billion worth of goods under 5,207 tariff items originating from the United States. **(The tariff on cotton remained at the previous 25%)**

23-Aug-19	On August 15, 2019, the U.S. government announced an additional 10% tariff on approximately $300 billion worth of goods imported from China, to be implemented in two batches starting September 1 and December 15, 2019.	China decided to impose tariffs on 5,078 tariff items, approximately US$75 billion worth of imported goods originating from the United States. Starting from 12:01 on December 15, 2019, an additional 10% tariff would be levied on the 749 tariff items listed in Part 1 of Annex 2, an additional 10% tariff would be levied on the 163 tariff items listed in Part 2 of Annex 2, **an additional 5% tariff would be levied on the 634 tariff items listed in Part 3 of Annex 2**, and an additional 5% tariff would be levied on the 1,815 tariff items listed in Part 4 of Annex 2. (Cotton is included in Part 3 of Annex 2)
17-Feb-20	From September and October 2019, the China-U.S. trade war gradually eased, and negotiations began. At the end of 2019, China purchased U.S. cotton.	The Customs Tariff Commission of the State Council decided to carry out a market-based procurement exclusion process for US-imposed tariff goods. Based on applications from relevant Chinese domestic enterprises, imported goods purchased from the United States in accordance with market-based and commercial principles, and meeting the requirements, would be exempted from the additional tariffs imposed by China's Section

During the trade friction between China and the U.S. from 2018 to 2019, China imposed a 25% tariff on U.S. cotton starting July 6, 2018. In the statement on August 23, 2019, the Customs Tariff Commission of the State Council decided to impose an additional 5% tariff on the third part of Annex 2, effective from 12:00 PM on December 15, 2019 (including cotton).

However, as the trade war gradually eased in September and October 2019, China began purchasing U.S. cotton by the end of 2019, and starting March 2, 2020, U.S. cotton was included in the exclusion list for retaliatory tariffs.

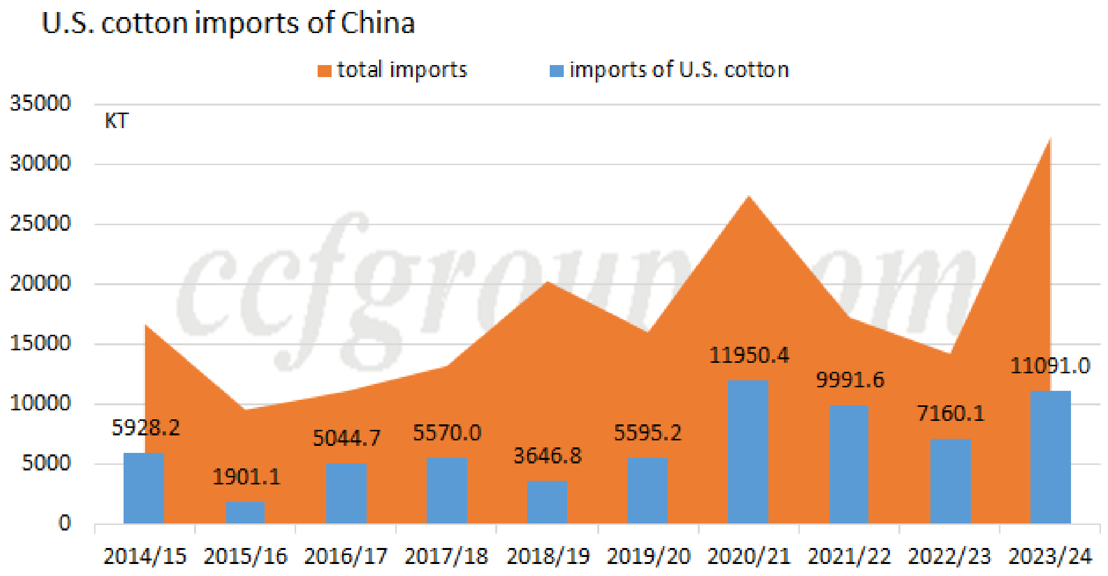
In March 2025, U.S. imposed the additional 10% tariff on China, and China took countermeasures, including an additional 15% tariff on the imported cotton from U.S. Based on the situation during the 2018-2019 trade war, if the U.S. continues to escalate tariffs, it is possible that China will further increase tariffs on U.S. cotton.

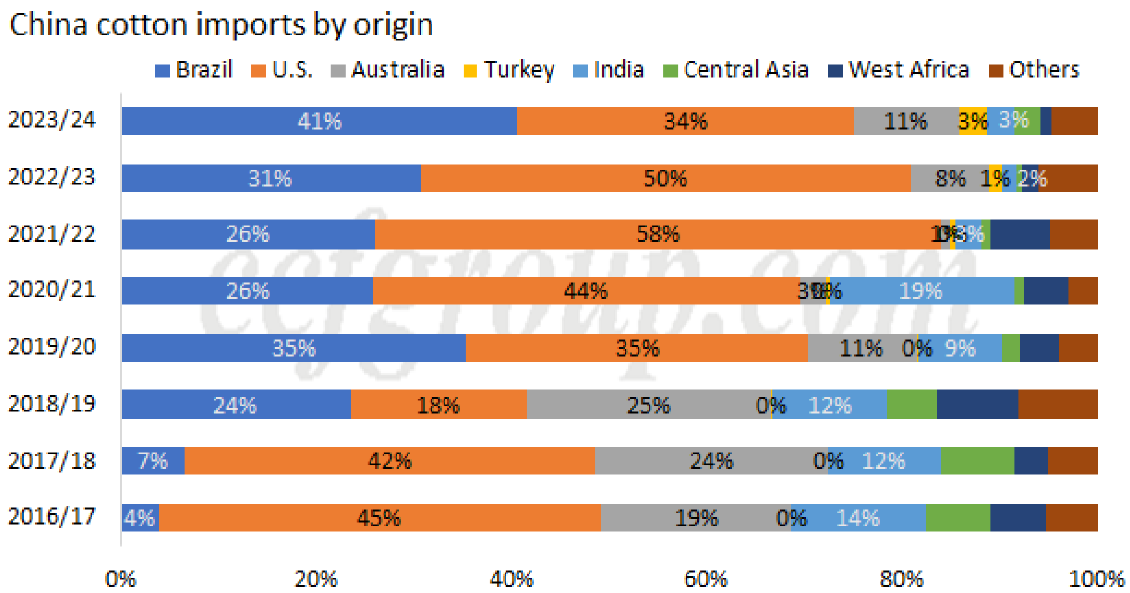
2. Historical import situation of U.S. cotton by China

In recent cotton marketing years, China's imports of U.S. cotton have consistently accounted for over 35% of total imports, with import volumes typically exceeding 500,000 tons. However, during the 2018/19 marketing year, amid the U.S.-China trade war, China's imports of U.S. cotton fell to 365,000 tons, representing only 18% of total imports, marking a historical low. In the same year, the proportion of Brazilian cotton imports surged, rising from 7% in the 2017/18 to 24% in 2018/19, and it has maintained a high proportion in the subsequent years.

U.S. cotton import situation of China (by cotton crop year)

Season	imports of U.S. cotton	total imports	Proportion of U.S. cotton
2014/15	592.8	1674.6	35%
2015/16	190.1	958.8	20%
2016/17	504.5	1112.3	45%
2017/18	557.0	1323.2	42%
2018/19	364.7	2031.2	18%
2019/20	559.5	1603.4	35%
2020/21	1195.0	2746.6	44%
2021/22	999.2	1728.2	58%
2022/23	716.0	1424.5	50%
2023/24	1109.1	3236.2	34%
2024/25 (by Dec, 2024)	52.8	467.2	11%





As of February 20, 2025, the U.S. cotton export sales to China has totaled about 190,000 tons, and the total export shipments were 130,000 tons. According to the statement, goods that have been shipped from the origin before March 10, 2025, and imported between March 10 and April 12 will not incur the additional tariffs specified in this statement. Therefore, if the remaining sold but unshipped 60,000 tons of U.S. cotton begins shipping before March 10, it will not be subject to additional tariffs, while export sales signed and shipped after that date will be affected.

In terms of the Chinese domestic situation, the increase in tariffs on U.S. cotton by China may lead to a rise in the basis for U.S. cotton at ports in short term, while the reduction in imported U.S. cotton will affect the volume of imported cotton in the future. The domestic medium-term supply may improve, but in the medium to long term, the imports of Brazilian cotton, Australian cotton, and imported yarn can meet that demand. More importantly, the key influencing factor will still be the actual performance of end-user demand. Regarding U.S. cotton, although it is already anticipated that the export sales of U.S. cotton to China will be low this season, the increase in tariffs has led to a further decline in the potential for export sales, weighing on ICE cotton futures market. Additionally, considering the historical trade frictions between China and the U.S., if the U.S. continues to escalate tariffs, it is possible that China may further increase the tariff rate on U.S. cotton.

Source: ccfgroup.com– Mar 05, 2025

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UKFT anticipating further changes to US tariffs to China, Mexico, Canada

The latest US tariff rises on imports from China, Canada, and Mexico have been described by the UK Fashion & Textile Association (UKFT), which also stated that other changes, such as the broader repeal of the “de minimis” rule, are anticipated.

In order to impose further taxes on goods manufactured in China, Canada, and Mexico with immediate effect, US President Donald Trump signed a variety of executive measures. From the initial 10 per cent imposed in February, the additional duty on all Chinese goods has increased to 20 per cent.

Due to the removal of the “de minimis” exemption, which permits duty-free imports under US $ 800, all Chinese goods are now subject to an additional 20 per cent levy. The US regular duty rates are in addition to the additional 20 per cent tariff. Previously subject to a 17.5 per cent levy, Chinese-made goods are now subject to a 37.5 per cent tax. In the meanwhile, products manufactured in Canada and Mexico are subject to a 25 per cent duty.

According to Paul Alger, director of international business at UKFT, the US has previously used higher tariffs to achieve its policy goals. Many have been caught off guard by the pace of these changes, but it’s crucial to maintain composure, be knowledgeable, and, whenever feasible, adopt a long-term perspective.

Additional tariffs are likely to hurt consumers the most, but brands can preserve their market position by agreeing to cover a portion of the higher expenses in the short term in the hopes that things will return to normal in the future. An increase in US visitors coming outside to shop for deals could also be observed, ideally in the UK, as the US currently has higher duty rates for fashion than most other countries, and it is undoubtedly greater than the UK and EU external tariffs, he added.

Source: apparelresources.com– Mar 05, 2025

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Is Trump's Plan for a U.S. Shipbuilding Office the Latest in His Crusade Against China?

In his Tuesday remarks to Congress, President Donald Trump assured legislators that his administration would usher in a new era for the maritime industry in the United States.

He plans to do so, he said, by creating an office to oversee American shipbuilding, which he said would "resurrect the American shipbuilding industry, including commercial shipbuilding and military shipbuilding."

He heralded the plan for the new office as a play to protect U.S. citizens.

"I am announcing tonight that we will create a new office of shipbuilding in the White House that offers special tax incentives to bring this industry home to America where it belongs," he said. "We used it to make so many ships. We don't make them anymore very much, but we're going to make them very fast, very soon. It will have a huge impact."

Matthew Paxton, president of the Shipbuilders Council of America, said the group stands in support of the administration's latest interest in the logistics and shipping industries.

"We applaud the creation of the White House Office of Shipbuilding and the entire shipyard industrial base not only stands at the ready to work with the new Office of U.S. Shipbuilding but we are also ready to answer the call to design and build America's commercial and military fleets," he said in a statement responding to Trump's address. "By fully utilizing the existing domestic shipyard capacity, the shipyard industrial base can meet the growing demands of national defense, restore American competitiveness and create thousands of skilled jobs in communities across the nation. Strengthening the industry-government collaboration is the key to reaching any demand signal to ensure that America remains a global leader in maritime power for decades to come."

According to a 2023 report from the Congressional Research Service, between 2010 and 2023, U.S. shipyards built 41 large commercial cargo ships, 10 of which were container ships. China, South Korea and Japan have far outpaced the U.S.'s abilities to build large ocean liners, which has left more than 90 percent of the world's shipbuilding contracts headed to those nations.

According to data from Linerlytica, China has a grip on nearly 70 percent of the world's shipbuilding orders; South Korea is handling just over 23 percent of those orders, and Japan has scored about 5 percent of global contracts. The U.S. doesn't crack the list.

Shipbuilding has not been an area the U.S. has dominated in quite some time. In 2019, in a statement made to the Committee on Transportation and Infrastructure and the Subcommittee on Coast Guard and Maritime Transportation, Mark Buzby, the U.S. maritime administrator at the time, said other countries' subsidization of shipbuilding has enabled them to become leaders as the U.S. has fallen behind over the course of decades.

"Over 90 percent of global shipbuilding occurs in three countries: China, Korea and Japan. While the United States remains a global leader in naval shipbuilding, which represents the majority of the nation's shipbuilding revenue, our large commercial shipyards are struggling to remain afloat," he said at the time. "U.S. commercial shipbuilding of large, merchant-type ships has been locked into a downward spiral of decreasing demand and an increased divergence between domestic and foreign shipbuilding productivity and pricing." The maritime industry has largely become a bipartisan issue, with Congress proposing bills in an effort to resurge a struggling American industry. But other countries keep churning ships to keep up with global demand—and without competing infrastructure, the U.S. could struggle to increase its market share.

That Trump seems to have such a keen interest in building new ships could be indicative that he is serious about moving forward with a proposal put forth last month by the U.S. Trade Representative (USTR), which experts have said has the potential to decimate an already difficult industry. The proposal would, in effect, see ships operated by Chinese companies or built by China-based companies paying huge sums for each U.S. port they call at. Chinese-operated ships would see penalties of up to $1.5 million per port called at, and carriers could see charges up to $1 million per port call if over half of their orders for newly built ships have been placed with Chinese shipyards. Meanwhile, companies with existing China-built vessels could pay fees up to $1.5 million per port call—the actual fee would be determined by the percentage of Chinese-constructed vessels in their at-large fleets.

Experts have previously told Sourcing Journal that the proposal would be unlikely to cause orders for new ships being placed with Chinese builders to shift to U.S.-based builders.

That's because other countries have more robust shipbuilding infrastructure in place and may be better suited to meet demand more rapidly, should this proposal go into effect. Currently, the USTR is holding a public comment period on the proposal, which is expected to see movement one way or another later this month.

Jonathan Roach, a container market analyst at Braemar, said the U.S. isn't the only market looking to see China's stronghold on shipping loosen. "If this USTR proposal goes through, then it would be in favor of South Korea and Japanese shipbuilders, which have the experience and capacity to ramp up construction and regain some of the market share it has lost to China over the past 15 years," Roach said.

Such fees would also indubitably ramp up the cost of shipping goods, which could potentially see some of those costs passed down to consumers, experts said. The proposal also stipulates that a certain percentage of U.S. exports should be loaded on U.S.-operated ships; that figure would increase in the coming years, so that by 2032, 15 percent of exports would be shipped via U.S.-flagged ships, and 5 percent on ships built in the U.S.

That Trump is now laser-focused on shipbuilding is interesting against that backdrop.

Another issue plaguing industry leaders' minds in recent months has been the Panama Canal. During his remarks, the president showed his support for what he considers progress in his insistence on driving a wedge between China and the waterway.

"To further enhance our national security, my administration will be reclaiming the Panama Canal, and we've already started doing it," he said, lauding a BlackRock-led deal struck by a U.S. consortium to acquire a 90-percent stake in Panama Ports Company from CK Hutchison Holdings.

"[The Panama Canal] was given away by the Carter administration for $1. But that agreement has been violated very severely. We didn't give it to China; we gave it to Panama, and we're taking it back," he said, echoing previous promises to do so.

Source: sourcingjournal.com– Mar 05, 2025

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Canada announces 25% tariffs on $155-bn worth US imports

In response to ‘unjustified’ US tariffs, Canada announced yesterday its decision to move forward with 25-per cent tariffs on $155 billion worth of imported goods from the United States, beginning immediately with a list of goods worth $30 billion. The announcement was made by Minister of Finance and Inter-Governmental Affairs Dominic LeBlanc and Minister of Foreign Affairs Melanie Joly.

The scope of the Canadian counter tariffs will be raised to $155 billion if the current US tariffs are maintained. The scope could also be increased if new tariffs are imposed, an official release from the Canadian Department of Finance said. The first phase of Canada's response includes products like appliances, apparel, footwear, motorcycles, cosmetics and certain pulp and paper products.

The government is also taking steps to mitigate the impact of these countermeasures on Canadian workers and businesses by establishing a remission process to consider requests for exceptional relief from the tariffs imposed as part of our response to the US applying ‘unjustified’ tariffs on Canada, the release said.

“The tariffs imposed by the US administration are unjustified, and detrimental to both Americans and Canadians. Working with provincial, territorial and industry partners, our singular focus is to get them removed as quickly as possible. While we urge the US administration to reconsider their decision to impose tariffs, Canada will remain firm in standing up for our jobs, our industries, and our workers,” the release added.

The 25-per cent tariffs that came into force yesterday on $30-billion worth US imports include handbags containing textiles, leather or composition leather; apparel and clothing accessories; handkerchiefs, cleansing or facial tissues and towels; tablecloths and serviettes; sacks and bags; carpets and other textile floor coverings of textile, coconut fibre, wool or fine animal hair; graduated compression hosiery; and innerwear.

Source: fibre2fashion.com– Mar 05, 2025

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Japanese manufacturing production falls further midway through Q1 2025

Japanese manufacturing production fell further midway through the first quarter (Q1) this year, though both output and new order inflows decreased at softer rates, according to au Jibun Bank Japan manufacturing purchasing managers' index (PMI) data. The pace of reduction was only modest, but often attributed to weak sales and confidence in domestic and overseas markets, S&P Global Ratings said in a release.

The subdued manufacturing performance was also reflected in a broad stagnation in employment levels and solid falls in purchasing activity and backlogs of work. Input costs continued to rise at a robust rate that was the joint-strongest since last August (with December 2024).

In response, manufacturers raised their selling prices at a faster rate. Posting 49 in February, the headline au Jibun Bank Japan manufacturing PMI rose from 48.7 in January to indicate a softer deterioration in the health of the sector. The latest contraction reflected further, albeit slower, declines in the intermediate and investment goods sectors, the release noted.

Business conditions improved modestly across the consumer goods segment. Factory output fell for the sixth successive month during February. The reduction eased month on month and was only modest overall. Where a decline was signalled, survey participants commented on weaker new orders, while there was also evidence that firms had excess inventories. As such, stocks of finished goods were also depleted further and at the strongest rate for a year.

Overall new orders fell again in the latest survey month, extending the current sequence that began in June 2023. Demand retrenchment and weak client confidence were cited as the key factors behind the fall, notably in external markets. Manufacturers noted a slightly sharper decline in new export business in February, with particular emphasis on muted demand in the United States and China.

Source: fibre2fashion.com– Mar 05, 2025

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Vietnamese ministry proposes tax exemption for e-com imports under $78

Vietnam's ministry of finance recently proposed new regulations to exempt certain goods imported through e-commerce from import tax.

The draft decree on customs management for e-commerce goods is now open for public comment.

Under the proposed regulations, goods in group 1 will be exempt from import tax if the customs value of each order does not exceed VND 2 million ($78).

However, each organisation or individual can only benefit from this exemption for up to VND 96 million per year. If an order's customs value exceeds VND 2 million—or if the total value exceeds the annual exemption limit—import tax must be paid on the entire order.

A key change in the draft is the removal of any exemption for orders above VND 2 million, even when the total tax due would be less than VND 0.2 million. Additionally, the draft simplifies the classification of imported goods by reducing the number of groups from three to two.

Group 1 covers goods that do not require a licence or specific conditions under the Foreign Trade Management Law and are not subject to specialised inspections. These goods are exempt from licensing and other conditions, with a single preferential tax rate applied.

Group 2 includes goods that require licences, conditions or specialised inspections, and these are subject to varying tax rates based on their classification.

This method, based on international practices and risk levels, will improve management efficiency, the ministry was cited as saying by a domestic news agency. The aim is simplify the work of customs officials in classifying goods, declaring customs values and monitoring exemption quotas.

Source: fibre2fashion.com– Mar 06, 2025

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ICE cotton slumps as China, Mexico & Canada hit back with tariffs

ICE cotton fell to its lowest level in over four years due to escalating trade tensions. There was a strong sell-off on Tuesday after China, Mexico, and Canada announced retaliatory tariffs.

Crude oil prices also dropped to a three-month low, further dampening demand for US cotton. Cheaper crude oil makes polyester, a man-made fibre, more affordable.

Yesterday, the ICE cotton May 2025 contract settled at 63.24 cents per pound (0.453 kg), down by 2.27 cents (3.4 per cent). The contract hit an intraday low of 62.54 cents, the lowest level since August 2020.

The December contract settled at 66.52 cents, down 1.57 cents. Other contracts also declined, losing between 69 and 210 points on Tuesday.

NYMEX crude oil hit a three-month low yesterday. Brent crude oil fell to a six-month low as OPEC+ countries decided to increase oil production in April.

There was a strong sell-off, with trading volume reaching 122,603 contracts, the second-highest volume ever recorded. Options trading volume reached 43,773 contracts (21,201 calls / 22,572 puts), marking the fourth-highest options volume in history.

Combined trading volume (futures and options) reached 166,376 contracts, setting a new record. ICE data (as of March 3) showed that deliverable No. 2 cotton futures contract stocks remained unchanged at 12,653 bales.

Market analysts said that cotton prices have broken multi-year support at 66 cents and may face further pressure due to the second wave of trade tensions.

Chicago corn, soybeans, and wheat also declined further on March 4, hitting multi-week lows. Wall Street's major indices fell, with the Nasdaq Composite down more than 10 per cent from its all-time high.

Currently, ICE cotton for May 2025 is trading at 63.56 cents per pound (up 0.32 cents). Cash cotton is trading at 61.24 cents (down 2.27 cents), the March 2024 contract at 62.04 cents per pound (down 2.10 cents), the July 2025 contract at 64.87 cents (up 0.35 cents), the October 2025 contract at 66.62 cents (down 1.70 cents), and the December 2025 contract at 66.73 cents (up 0.21 cents). A few contracts remained at the previous closing level, with no trading observed today.

Source: fibre2fashion.com– Mar 05, 2025

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Bangladesh: Outlook for garment exports remains positive: Former President, BGMEA

The future outlook for garment exports from Bangladesh is promising as orders rebounding, says Faruque Hassan, Former President, BGMEA.

In February, Bangladesh's RMG exports rose by 1.66 per cent while from July-February, they increased by 10.64 per cent to $26.79 billion, as per a report by the Bangladesh Bank. Knitwear and woven garment exports from the country also experienced double-digit growth.

To address the growing security concerns amongst international retailers, Bangladesh needs to improve its order and order situation, emphasizes Hassan. Low pricing also remains a challenges though the country benefits from the US tariff policies, which help redirect orders from China and Mexico to Bangladesh, he adds.

From July-February this fiscal year, exports of manufactured goods from Bangladesh increased by 10.49 per cent with sectors like plastics, rubber, and headgear showing robust growth. Exports of leather and leather products presented mixed results, with raw leather exports declining but leather footwear exports surging. The engineering sector also recorded growth, driven by electric products and bicycles.

Exports of specialized textiles from the country recorded strong growth though terry towel exports declined as production costs rose and customs issues. However, expanding into new markets, plastic exports from the country registered significant growth.

Economists like Selim Raihan acknowledge the encouraging export figures but express concerns about the sustainability of this growth due to stagnant private investment, inflation, security concerns, and upcoming elections. While recognizing the positive momentum, Raihan cautions that the current growth largely stems from prior orders.

Source: fashionatingworld.com– Mar 05, 2025

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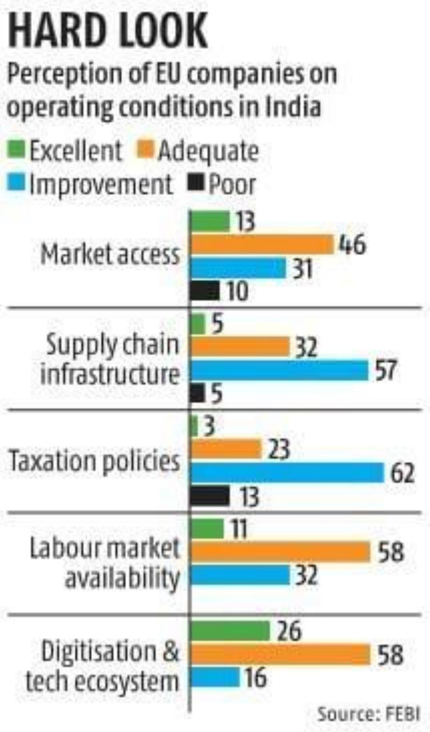
NATIONAL NEWS

EU firms want removal of non-tariff barriers as part of FTA deal with India

European Union (EU) companies operating in India want New Delhi to streamline or remove non-tariff barriers such as Quality Control Orders (QCOs), complex Customs procedures; simplify labelling, testing, and import procedures; and facilitate cross-border digital transactions without data localisation constraints.



These are results of a Business Sentiment Survey, 2025 conducted by the Federation of European Business in India (FEBI) ahead of resumption of negotiations for a free trade agreement (FTA) between both the sides scheduled to be concluded by year-end.

"The EU-India FTA is expected to create a favorable business environment, ensuring a level-playing field for EU companies in India, with 92 per cent of respondents anticipating a positive impact. Among them, 72 per cent plan to increase their investment in India within the next two years, demonstrating strong confidence in the agreement's success," the survey said.

However, the survey highlighted that complex visa and work permit processes hinder talent mobility, affecting workforce availability. "Weak intellectual property enforcement, the prevalence of counterfeit goods, and insufficient protection of confidential data add to the risks faced by EU businesses," the survey added.

The survey provides an outlook and overview of evolving EU-India bilateral trade and investment ties as well as offers an insight into the opportunities and challenges faced by European businesses in India. EU is India's largest trading partner, accounting for 12.2 per cent of India's goods trade in 2023 while India is the EU's ninth-largest trading partner, accounting for 2.2 per cent of total EU trade in goods during the same year.

The survey said EU investors are expected to increase their presence, particularly in technology-driven and sustainable industries, as India continues to enhance its business environment and trade policies. “The primary driver of these welfare gains would be the expansion of trade in goods and services, reinforcing the case for a comprehensive trade agreement,” it added. While 22 per cent EU companies plan to maintain their current investment levels, 76 per cent of EU firms surveyed aim to increase their investments compared to pre-2025 levels.

EU businesses increasingly see India as a key driver of overall growth, with 80 per cent viewing it as an expanding sales market, 61 per cent recognising it as an emerging hub for production, and 49 per cent seeing it as a location to manufacture for exports. “Investment decisions are driven by India’s strong political stability (66 per cent), confidence in its position amid evolving global geopolitics (60 per cent), and the availability of a skilled workforce (60 per cent). Most respondents (59 per cent) find the ease of doing business in India increasingly favourable, reflecting confidence in the country’s business environment,” the survey said.

The survey was conducted among 51 FEBI member companies across 11 sectors, covering business outlook, market access, regulatory challenges, and investment climate, alongside business expectations from the EU-India FTA.

Even amid favorable investment plans, EU businesses in India encounter multiple challenges, with taxes and tariffs being the most significant, affecting 51 per cent of respondents.

About 83 per cent of respondents rated India’s digital and technology ecosystem as excellent or adequate, highlighting the country’s advancements in digital infrastructure, e-governance, and tech-driven services, and 69 per cent expressed confidence in the availability of skilled labour, recognising the country’s strong talent pool, particularly in engineering, IT, and manufacturing. “However, India’s supply chain infrastructure and taxation policies remain two challenging areas for EU businesses in India. More than 60 per cent of respondents expressed the need for improvements in the supply chain and around 75 per cent in taxation,” the survey said.

Source: business-standard.com– Mar 05, 2025

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US tariffs from April 2? India weighs trade strategy

US President Donald Trump doubled down on the tariff war that he's unleashed, pledging to impose similar levies on India and others from April 2. These reciprocal tariffs are in response to, according to him, high import taxes on American goods.

Industry and trade experts said that if the US follows through, such levies could hit India's top exports to the US, such as automobile parts, electronics, textiles, diamonds, jewellery, chemicals and pharmaceuticals.

Trump delivered his latest tariff threat while addressing a joint session of the US Congress, citing India alongside the European Union, China and Canada as those charging higher levies.

The April 2 deadline leaves India with less than four weeks to work on its plan of action. Commerce and industry minister Piyush Goyal is visiting Washington to resolve tricky trade issues and kickstart talks on a proposed Bilateral Trade Agreement.

The US President's tough talk comes just about a month after Prime Minister Narendra Modi met him.

In February, both sides agreed to negotiate a trade deal by the end of the year. They also set a target of $500 billion in annual trade by 2030 during Modi's trip to the US.

Stakeholder Consultations Begin

Trump said in his address that other countries have used tariffs against the US for decades and now, it is "our turn."

"On average, the European Union, China, Brazil, India, Mexico and Canada - have you heard of them? - and countless other nations charge us tremendously higher tariffs than we charge them," Trump said. "It's very unfair.

India charges us auto tariffs higher than 100%. China's average tariff on our products is twice what we charge them. South Korea's average tariff is four times higher."

Exchange Mechanism

India is waiting to see what the US does, but officials are hopeful of making some headway in view of the proposed trade deal. Still, experts fear New Delhi's key export sectors may face some heat.

The commerce and industry ministry has initiated stakeholder consultations to assess the impact of a hike in US tariffs and India reducing levies in sectors in which New Delhi has aggressive interests. Separately, an inter-ministerial committee is also studying the possible impact of such measures.

"We expect many issues to be resolved in the next few days so the impact of the reciprocal tariffs is minimised," said an official.

Trade experts said the government may propose eliminating tariffs on most industrial products from the US, provided that country does the same for Indian goods. India can offer tariff lines where it already allows duty-free imports under existing free trade agreements (FTAs). Agriculture can be excluded from the offer. "India should present this proposal before April, ahead of any US tariff decisions. If other countries object, India can later notify the deal to the WTO as a goods-only trade agreement," said Ajay Srivastava of think tank Global Trade Research Initiative (GTRI).

Some key US products such as motorcycles, apples, cranberries, almonds, chickpeas and diagnostic reagents face double-digit import levies in India even though New Delhi reduced customs duties on motorcycles in the February 1 budget. A 30% duty is imposed on motorcycles, a standard 42-12O% on almonds, 50% on apples and 35% on diagnostic reagents.

While India's weighted average tariff on American goods is 7.7%, compared with 2.8% on Indian exports to the US, some sectors face a significantly higher gap. India's weighted average tariff is 9.2% on minerals, 26.1% on footwear and 24.8% on textiles and clothing, higher than Indonesia, Malaysia and the Philippines.

The US is likely to pressure India to lower tariffs on these items, said one trade body official.

The US is India's largest trading partner. In FY24, India's exports to the US amounted to $77.51 billion, while imports were $42.2 billion.

The impact of higher levies will depend on the existing tariff gap, another expert said. "However, the real concern is that the US may not limit itself to just tariff differentials," Srivastava of GTRI said. "Trump's approach could factor in non-tariff barriers and local taxes like GST, pushing the retaliatory tariffs even higher." This could disrupt India's exports to the US, making goods less competitive and affecting sectors that rely heavily on that market, he said.

Engineering Export Promotion Council chairman Pankaj Chadha said continuous government support in export credit and technology would be critical to maintaining competitiveness.

Other Issues

India has begun analysing the impact of the US Trafficking Victims Protection Reauthorization Act on its exports, along with the countervailing and anti-dumping duties imposed by Washington on Indian products.

The ministry has begun consultations on the impact of the Act as the US has pointed out the practice of child labour in India's textile sector. Failure to take appropriate action in eradicating child or forced labour can lead to restrictions in the import of goods made by sectors allegedly employing such workers.

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

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Textiles to benefit as US cotton prices dip & China loses edge

Falling prices of the US cotton due to China's retaliatory tariffs could boost export demand for Indian garments, textile and yarn. The industry expects increased availability of the superior quality US cotton at cheaper rates and reduced competitiveness of Chinese textile exports due to the retaliatory tariff would help India increase its share in the US and European markets, the industry expects.

US cotton prices fell to their four-year lows after China imposed retaliatory tariffs of 10-15%. India ranks number one in the export of cotton yarn and has a global market share of 31% for its cheaper cotton.
According to trade estimates, India's cotton imports have increased by more than 62% in 2024-25 over the previous year due to fall in local production.

"Most of India's imports of cotton from the US is in the ELS (extra-long staple) category and if US cotton prices decline due to reduced demand from China, Indian textile manufacturers might find it economically viable to increase imports of US cotton," said Siddhartha Rajagopal, Executive Director, the Cotton Textile Export Promotion Council (Texprocil), an autonomous body set up by the government of India.

While India is predominantly self-sufficient in cotton production, it does import certain quantities of ELS cotton and clean & contamination cree Cotton to meet specific quality or buyer requirements. From April 2023 to March 2024, India imported raw cotton worth $ 570 million from the world, of which $ 221 million worth of imports were imported from the US; 38.7% of the imports, industry data showed.

"With restricted access in the Chinese market, the US with its superior Extra Long Staple Cotton (ELS) will also seek to diversify its cotton exports and look towards India as a strong trade partner," said Rajagopal.

The tariffs are likely to impact the competitiveness of Chinese textile products in international markets, offering Indian exporters an opportunity to capture a larger market share, especially in regions like the US and EU.

"This shift could lead to a rise in demand for Indian cotton yarn, fabrics, and garments, increasing export volumes. As demand for Indian cotton products grows, exporters will experience better pricing options, leading to better profit margins," said Rajagopal.

Source: economictimes.com– Mar 05, 2025

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China's tariffs on US cotton may help boost India's garment & yarn exports

Falling prices of the US cotton due to China's retaliatory tariffs could boost export demand for Indian garments, textile and yarn. Increased availability of the superior quality US cotton at cheaper rates and reduced competitiveness of Chinese textile exports due to the retaliatory tariff would help India increase its share in the US and European markets.

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“This shift could lead to a rise in demand for Indian cotton yarn, fabrics, and garments, increasing export volumes. As demand for Indian cotton products grows, exporters will experience better pricing options, leading to better profit margins,” said Rajagopal.

Additionally, if global prices of US cotton decline due to reduced Chinese demand, Indian textile producers could source US cotton at more competitive rates.

As per available data from January to December 2023, India with exports of US$ 34.2 billion, accounted for approximately 3.9% of the global trade in textiles and apparel, making it the sixth-largest exporter worldwide.

India has a 5.5% share of the global textile exports at $ 19.73 billion. India is a major exporter of garments with exports of US$ 15.5 billion worldwide, accounting for around 3% of the world’s apparel exports.

Currently, raw cotton with staple length of over 32 mm (ELS) is allowed to be imported duty free in India while cotton of staple lengths below 32 mm are taxed at 11%.

However, there is also a possibility that US cotton exporters might redirect their focus to other markets, possibly intensifying competition for Indian exporters in those regions, said the industry experts.

Source: economictimes.com– Mar 05, 2025

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Shri Ajay Bhadoo Appointed as CEO of Government e Marketplace

The Government of India has appointed Additional Secretary in the Department of Commerce Shri Ajay Bhadoo, as the Chief Executive Officer (CEO) of Government e Marketplace (GeM) with effect from March 3, 2025. He will assume this role in addition to his existing responsibilities in the Department of Commerce.

His appointment as CEO of GeM, India's largest e-marketplace for government procurement, comes at a pivotal time as the platform transitions to a next-generation digital marketplace powered by Tata Consultancy Services (TCS). Currently, GeM has recorded a Gross Merchandise Value (GMV) of ₹4.58 lakh crore, reflecting a 28.65% year-on-year growth.

An Indian Administrative Service (IAS) officer of the 1999 batch from the Gujarat cadre, Shri Bhadoo brings over two decades of experience in policy formulation and implementation across diverse sectors, including urban infrastructure development.

In August 2024, Shri Bhadoo was appointed as Additional Secretary in the Department of Commerce. Previously, he served as the Deputy Election Commissioner at the Election Commission of India. His extensive career also includes a tenure as Joint Secretary to the former President of India, Shri Ram Nath Kovind, and leadership roles such as CEO of the Gujarat Maritime Board and Commissioner of Rajkot and Vadodara Municipal Corporations. Shri Bhadoo holds a degree in Civil Engineering and a Master's in Business Law from the prestigious National Law School of India University, Bengaluru.

Source: pib.gov.in– Mar 05, 2025

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CCI begins sale of 2024-25 cotton; mills turn selective in buying quality cotton

The State-run Cotton Corporation of India (CCI) has started the sale of cotton procured in the current marketing season 2024-25 from Wednesday. However, the response to the first day sale was muted as millers and trade were selective in buying quality cotton as CCI base price is higher than the prevailing market price.

The CCI base price was ₹54,000-₹55,500 per candy (of 356 kg), while the market prices are hovering in the range of ₹52,500-₹54,000. CCI, which offered around 6,02,300 bales (of 170 kg) of both new and old cotton on Wednesday, could sell only 6,800 bales to mills, while traders bought only 300 bales, sources said.

CCI has purchased over 94 lakh bales of raw cotton at minimum support price of ₹7,521 per quintal, while the market prices still continue to rule below the MSP levels on muted demand. CCI has procured over 40 lakh bales in Telangana, over 28 lakh bales in Maharashtra and over 11 lakh bales in Gujarat.

Selective buying

CCI is presently the largest stockholder of the fibre with cumulative market arrivals till date having crossed 219 lakh bales for the 2024-25 marketing season, per the Cotton Association of India data. CAI has estimated the 2024-25 crop size at 301.75 lakh bales.

At current market rates, CCI may find it difficult to offload the stocks as the buyers are selective. “There will be possibility for selling small quantity only for the quality cotton only on longer credit terms,” said Ramanuj Das Boob, a sourcing agent in Raichur. Further, the global prices are under pressure with US imposing tariff on exports to China, which will weigh on the prices, Das Boob said.

The New York ICE Cotton Futures, which ruled at around 66 cents per pound for May delivery before the imposition of tariff, have come to the level of 63 cents per pound.

Source: thehindubusinessline.com– Mar 05, 2025

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