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USD	EUR	GBP	JPY
85.86	93.01	111.04	0.57

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INTERNATIONAL NEWS

US economy faces slowdown as growth trends weaken, SBI report warns

US economy may be heading towards a downturn, as post-pandemic growth proves to be an outlier, according to a recent report by SBI Research. The report warned of declining GDP growth, weakening private consumption, and slowing exports, raising concerns about a potential recession.

SBI Research suggested that the sharp economic rebound following COVID-19 was largely driven by an unprecedented policy response rather than sustainable growth. The long-term trend, however, points to a deceleration in GDP expansion. The US economy grew by 3.2 per cent in Q4 2023, but this slowed to 2.5 per cent in Q4 2024. The Atlanta Federal Reserve's GDPNow model estimated a contraction of 2.4 per cent for Q1 2025, marking a significant reversal from earlier growth projections.

Private consumption, a key driver of the US economy, has been declining since 2000. The report highlights that while inflation (CPI) has eased, the delayed impact on demand is expected to weigh on economic activity. In January 2025, the Personal Consumption Expenditures (PCE) index—widely regarded as a key measure of consumer spending—declined for the first time in nearly two years.

Additionally, real private investment has been stagnant since 2020, with high wages acting as a deterrent for new business expansions. The average employer cost for private industry workers reached $31.47 per hour in December 2024, which, according to the report, could discourage large-scale investments in traditional manufacturing sectors.

The report highlighted a secular rise in the US debt-to-GDP ratio, raising concerns about long-term fiscal sustainability. At the same time, the US dollar has exhibited cyclical trends, showing resilience despite the increasing debt burden. However, SBI Research warned that drastic federal spending cuts could have disastrous consequences, potentially undoing economic progress made over previous decades.

The imposition of a 25 per cent tariff on steel and aluminium imports by the Trump administration on March 13, 2025, has added to economic uncertainties. The report noted that India, which has a trade deficit with the US for aluminium ($13 million) and steel ($406 million), could benefit by exploring alternative markets. However, the report also estimates that Indian exports to the US could decline by 3–3.5 per cent due to potential reciprocal tariffs.

The report also raised the possibility of an economic recession, given the downward trajectory of key economic indicators. As economic growth slows and trade uncertainties rise, the US economy faces a period of heightened risk. However, SBI Research suggested that structural reforms, coupled with private sector expansion and technological advancements, could help stabilise growth in the long run—though such adjustments may come with short-term costs.

Despite global economic headwinds, the report highlighted India's resilience, particularly in foreign institutional investment (FII) inflows. India attracted $41 billion in FII investments in FY24, the highest since FY16, with robust inflows into sectors like telecommunications, healthcare, and capital goods.

Moreover, India's proactive free trade agreement (FTA) strategy—negotiating deals with the UK, EU, and Canada—could further bolster its economic position. The report estimated that India's FTA with the UK alone could increase bilateral trade by $15 billion by 2030.

Source: fibre2fashion.com– Mar 23, 2025

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China's e-com sector sees robust growth in Jan-Feb 2025

China's e-commerce sector witnessed sound growth momentum in the first two months this year, with online retail sales of physical goods rising by 5 per cent year on year (YoY), outpacing the 4-per cent growth of retail sales of consumer goods, according to the ministry of commerce.

Artificial intelligence and the country's consumer goods trade-in programme have contributed to steady growth of the sales of online goods, with humanoid robots and other embodied intelligent products emerging as new highlights in digital consumption, a state-controlled media outlet cited the ministry as saying.

Source: fibre2fashion.com– Mar 24, 2025

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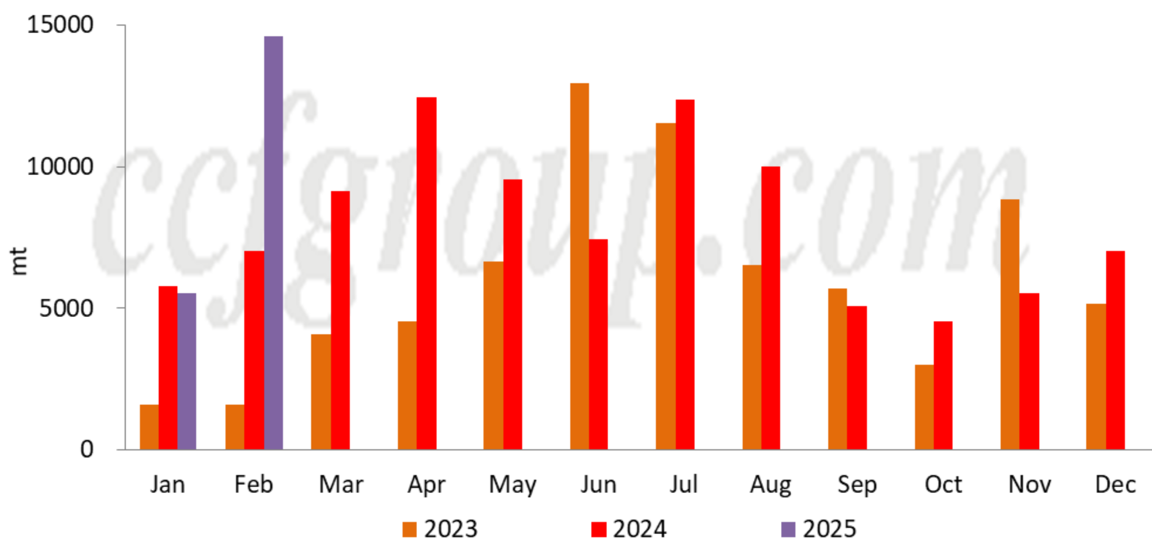
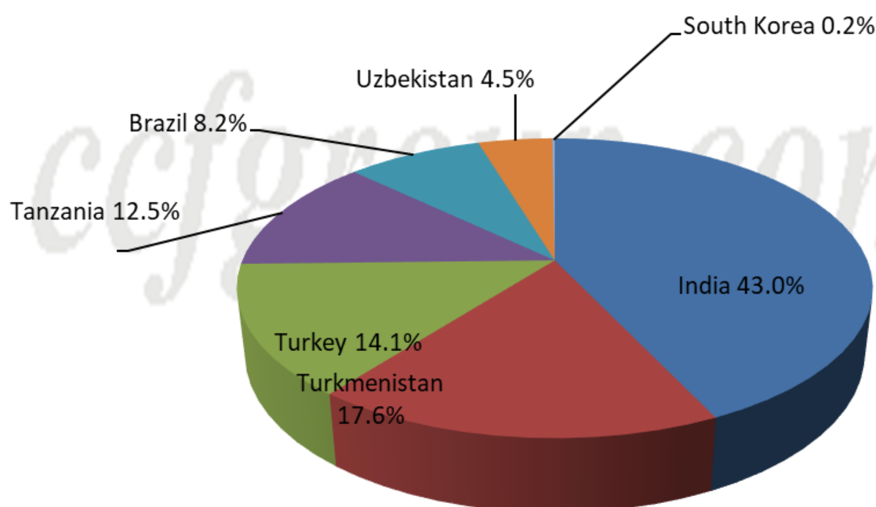
China's cotton linter imports show impressive growth in Jan-Feb

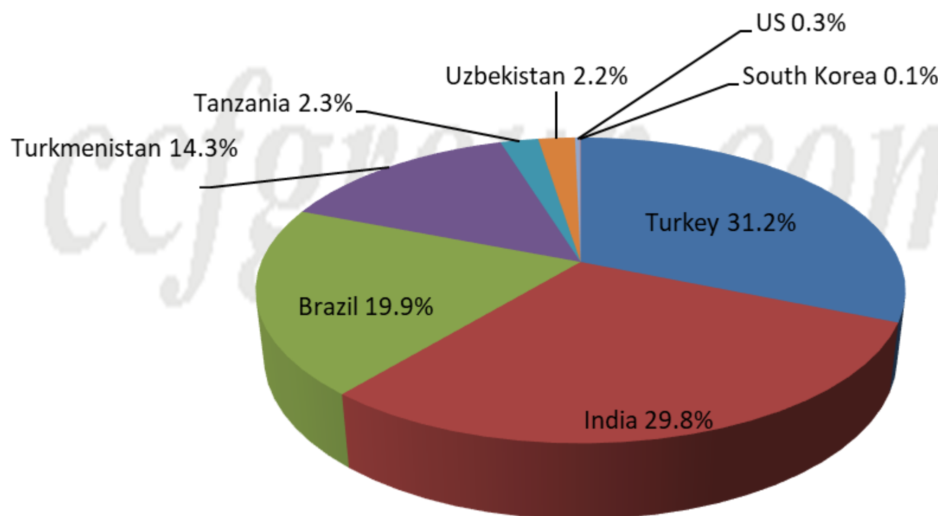
In the first two months of 2025, China's cotton linter import market has been impressive, with import volume increasing by nearly 60%. In Feb alone, it has been doubled compared with last year, reaching new highs in the past three years. Notably, imports from India and Turkey surged, with Xinjiang and Shandong experiencing a dramatic increase in import volume.





Previously, as the price of Chinese cotton linter steadily rose, cotton linter pulp and refined cotton companies turned their focus to the imported cotton linter market, leading to a jump in cotton linter imports this year.

According to customs data, cotton linter import of China in Feb was 14,622.4 tons, reflecting a month-on-month increase of 163.6% and a year-on-year increase of 107.6%, marking the highest single-month import volume since Jun 2022. The cumulative import of Jan-Feb was 20,169.04 tons, up 57.4% year-on-year.



From the perspective of origins, the import from India were the standout performer in Jan, amounting to 2,382.5 tons, accounting for 43% of total imports. In Feb, the imports from Turkey surged to 4,566.5 tons, a year-on-year increase of 1,422%, occupying 31.2% of the total. India and Brazil ranked second and third respectively, together making up nearly 81% of total imports.

According to the cumulative data, India led with an import volume of 6,744.4 tons in Jan-Feb, accounting for 33.4%. Turkey and Brazil ranked second and third, with the three countries combined occupying nearly 77%. Additionally, there was a significant increase in imports from Turkmenistan and Tanzania.

In terms of destinations, Jiangsu led in Jan with imports of 2,491.7 tons, a year-on-year increase of 26.7%, taking up 26.1% of total imports. In Feb, Shandong significantly outperformed with imports of 5,583.5 tons, a year-on-year increase of 87.6%, comprising nearly 75%. In Jan-Feb, Shandong imported 6,502.1 tons, accounting for 32%, while Jiangsu ranked second at 21.8%. Notably, Xinjiang, as a distribution center for Chinese cotton linter, also saw a dramatic increase in imports, with 1,389.4 tons imported in Jan-Feb, a year-on-year increase of 1,116.4%, accounting for 6.9%.

In summary, due to the continuous rise in Chinese cotton linter prices and the widening price gap between Chinese and imported cotton linter, the demand for imported linters from downstream companies has surged. The import volume in Feb alone doubled year-on-year, with the cumulative volume of Jan-Feb increasing by nearly 60%.

Among them, India, Turkey, and Brazil are the main sources of imported linters, collectively occupying around 80% of both monthly and cumulative imports. Shandong, Jiangsu, and Anhui are the main contributors to imported linters, while Xinjiang, as a hub for Chinese cotton linter, saw an increase in import volume more than elevenfold year-on-year in the first two months of 2025.

Source: ccfgroup.com– Mar 21, 2025

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Turkiye's overall import unit value index down 1.1% YoY in Jan

Turkiye's overall export unit value index remained unchanged year on year (YoY) in January this year, while the overall import unit value index decreased by 1.1 per cent YoY, according to official statistics.

In the same month, the export unit value index decreased by 1 per cent YoY for manufactured goods (except food, beverages and tobacco) and decreased by 5.1 per cent YoY for fuels.

The import unit value index remained unchanged YoY for fuels in the month and decreased by 5 per cent for manufactured goods (except food, beverages and tobacco).

The overall export volume index rose by 5.8 per cent YoY in the month. It remained unchanged YoY for fuels and increased by 8.2 per cent YoY for manufactured goods (except food, beverages and tobacco).

The overall import volume index rose by 10.8 per cent YoY. It decreased by 2 per cent for fuels and increased by 17.4 per cent for manufactured goods (except food, beverages and tobacco), an official release said.

The calendar- and seasonally-adjusted export volume index was 155.2 in December 2024, and increased by 1.9 per cent to 158.2 in January this year. The calendar-adjusted export volume index was 132.7 in January 2024, and increased by 5.8 per cent YoY to 140.4 in January 2025.

The calendar- and seasonally-adjusted import volume index was 127.6 in December 2024, and increased by 0.8 per cent to 128.7 in January 2025. The calendar-adjusted import volume index was 109.0 in January 2024, and increased by 10.8 per cent YoY to 120.9 in January 2025.

Source: fibre2fashion.com– Mar 23, 2025

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US share in Bangladesh's apparel exports triples in Jan-Feb 2025

The United States' share in apparel exports from Bangladesh surprisingly increased to almost threefold during the first two months of the current year. It reached 54.28 per cent of the total apparel exports of $1.407 billion from Bangladesh. The US' share in outbound shipments was recorded at 18.52 per cent in 2024.

Bangladesh shipped garments worth $763.810 million to the US in January–February 2025, accounting for 54.28 per cent of its total garment exports of $1.407 billion during the same period, according to Fibre2Fashion's market insight tool TexPro.

It is important to note that the US' share had been consistently declining over the past three years. It dropped to 18.52 per cent in 2024 from 21.36 per cent in 2022. Bangladesh exported garments worth $43.494 billion in 2022, of which shipments to the US amounted to $9.291 billion, representing 21.36 per cent of total garment exports. Outbound shipments from Bangladesh declined by 16.31 per cent to $36.400 billion in 2023, while shipments to the US dropped by 25.41 per cent to $6.930 billion. Consequently, the US' share in total exports fell to 19.04 per cent in 2023.

In 2024, total exports rose by 4.66 per cent to $38.098 billion, while shipments to the US increased marginally by 1.80 per cent to $7.055 billion. The slower growth in exports to the US further reduced its share to 18.52 per cent.

According to TexPro, exports of baby garments to the US stood at $250.831 million in 2024, accounting for 3.77 per cent of total exports. Shipments of men's garments were recorded at $3,072.098 million (45.23 per cent), women's garments at $1,908.758 million (28.70 per cent), and unisex garments at $1,415.126 million (21.30 per cent).

During 2024, exports of cotton garments to the US amounted to $4,869.570 million (73.28 per cent), man-made garments $1,234.608 million (18.58 per cent), and other types $536.168 million (8.07 per cent).

Source: fibre2fashion.com– Mar 24, 2025

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EU launches partnerships for textiles & advanced materials

The European Commission has announced the creation of three new European Partnerships under the Horizon Europe programme. These initiatives – focusing on advanced materials, textiles, and photovoltaics (PV) – are set to reinforce Europe's global competitiveness, industrial resilience, and green transition.

The new partnerships are key pillars of the Horizon Europe Strategic Plan 2025–2027.

The 'European Partnership for Textiles of the Future' partnership will accelerate its transformation towards sustainability and circularity. Aligned with the EU Strategy for Sustainable and Circular Textiles, the initiative will harness digital innovation and novel business models to boost strategic autonomy and global competitiveness. A total of €60 million – €30 million (~$32.61 million) each from the Commission and industry partners – is earmarked for investment between 2025 and 2030.

In line with the EU Communication on Advanced Materials for Industrial Leadership, the 'European Partnership for Innovative Advanced Materials for the EU' will promote technology sovereignty and speed up industrial adoption of cutting-edge materials. The partnership targets the development of safe and sustainable advanced materials that support a circular economy. A combined investment of up to €500 million (~$543.48 million) is planned by 2030, with equal contributions from public and private stakeholders.

Supporting Europe's shift to renewable energy sources, the 'European Partnership for Innovation in Photovoltaics' aims to cement Europe's leadership in the global PV sector. The initiative underpins the objectives of the European Green Deal, REPowerEU Plan, and the 2023 Renewable Energy Directive.

The partnerships will become operational once the Memorandum of Understanding is signed. Their implementation will begin through dedicated Horizon Europe Work Programme calls starting in 2025, supplemented by additional partner-led activities and funding, the Commission said in a release.

Later in 2025, a fourth co-programmed partnership will be launched, focused on developing open, interoperable and secure virtual worlds. This initiative will support Europe's Digital Decade 2030 goals, with an emphasis on inclusivity, privacy, and economic opportunity.

These three new partnerships join an existing portfolio of 12 co-programmed European partnerships under Horizon Europe. Designed to tackle Europe's pressing challenges, such collaborations enable public and private sectors to pool resources, align strategic goals, and drive innovation while avoiding duplication.

Source: fibre2fashion.com– Mar 21, 2025

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Weak February retail recovery signals cautious US consumers: TCB

In February 2025, the United States witnessed a weaker-than-anticipated recovery in retail sales after a steep drop in January, reinforcing projections that consumer spending will decelerate this year, potentially weighing on broader economic growth, according to The Conference Board (TCB). Real retail sales, adjusted by the consumer price index (CPI), remained flat following a prior 1.7 per cent drop. Online retail sales rebounded sharply, reversing January's decline.

The headline retail sales edged up by a modest 0.2 per cent month-over-month (MoM) in February, following a downwardly revised 1.2 per cent drop previously. Consumers shifted towards online spending, pulling back from discretionary purchases like cars, furniture, and electronics, as per The Conference Board's report.

Control group sales, which exclude cars, gas, food services, and building materials and directly enter the calculation of GDP growth, increased by 1 per cent in February following a decline of a similar magnitude in the month prior.

On net, with two months of data for the first quarter (Q1) in hand, control group sales grew by just 0.6 per cent quarter-over-quarter, seasonally adjusted annual rate (QoQ saar), the slowest pace of growth since the pandemic.

While the data are not suggesting consumer is in a crisis mode by any means, the latest report does show consumers are becoming more cautious amid uncertain economic outlook and rising prices.

Source: fibre2fashion.com– Mar 24, 2025

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Germany's industrial textile exports down 0.99%, imports drop 6.64%

Germany's exports of industrial textiles eased by 0.99 per cent to $2,696.791 million in 2024. Meanwhile, its imports of these products declined by 6.64 per cent to $1,251.330 million in the same year. As a major industrial nation, Germany is a prominent exporter as well as importer of industrial textiles. The United States remained the top market for German exports, while China was the leading supplier for imports of these products.

Germany's exports of industrial textiles eased by 0.99 per cent from $2,723.155 million in 2023, which had increased from $2,641.635 million in 2022, according to Fibre2Fashion's market insight tool TexPro.

The United States was the top market for Germany's exports of industrial textiles, with outbound shipments valued at $204.958 million in 2024, accounting for 7.60 per cent of total exports. Among the top five markets, exports to Poland were $192.229 million (7.13 per cent), Italy $152.952 million (5.67 per cent), China $134.503 million (4.99 per cent), and France $131.091 million (4.86 per cent).

The country also observed a similar trend in imports of these products. Inbound shipments were valued at $1,272.183 million in 2022, which rose by 5.34 per cent to $1,340.749 million in 2023, but declined to $1,251.330 million in 2024, according to TexPro.

Germany has a diversified industrial base that requires sophisticated industrial textile products. It imports these products in significant value from around the world.

China remained the top supplier, with industrial textile imports amounting to $158.580 million, accounting for 12.67 per cent of Germany's total imports of $1,251.330 million in 2024. Imports from Switzerland were $115.645 million (9.24 per cent), Italy $115.387 million (9.22 per cent), Poland $110.489 million (8.83 per cent), and Luxembourg $99.855 million (7.98 per cent) in the same year.

Source: fibre2fashion.com– Mar 23, 2025

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Pakistan: Textile exports: MoC shares work plan with Jam

The commerce ministry has shared a short-to-medium to long-term work plan with Minister Jam Kamal Khan to boost exports of Pakistan's textiles and apparel sector. Pakistan was once ranked as the third largest producer of cotton, and has dropped down to sixth position globally.

According to the Commerce Ministry, as part of his regular engagement to fortnightly review the sectoral performances and undertake pragmatic interventions to boost national exports, Federal Minister for Commerce Mr. Jam Kamal Khan held an internal meeting at the Ministry of Commerce with Shakeel Ahmed Mangnejo, Special Secretary, Commerce and Mudassir Raza Siddiqi, Director General (Textile).

Siddiqi apprised the Minister that Pakistan's textiles and apparel industry, a cornerstone of the nation's economy, has showcased remarkable resilience in the face of global economic headwinds and domestic challenges, and regained its lost momentum with a growth rate of 9.3 percent in the first eight months of the current financial year 2024-25 as compared to the corresponding period of last financial year.

H1 textile exports grow 10pc YoY

He further underscored that the exports of apparel witnessed double-digit growth of around 19 percent and achieved historically high level of $ 6.2 billion in the same period. The federal minister acknowledged that export performance reflects the commitment of Government of Pakistan to focusing more on exports of value-added finished products while maximizing utilization of input materials available in the country.

Comparing the case of Pakistan with Brazil, he highlighted that both countries have almost the same crop acreages, however yield per hectare of Brazil is three times higher than that of Pakistan due to adoption of high technology seed varieties, precision agriculture, mechanized harvesting, rain-fed irrigation and use of renewable energy.

The Federal Minister for Commerce emphasized that latest disease resistant and climate resilient seed varieties, prohibition of uncertified seeds and chemicals in the local market along with adoption of good agricultural practices will certainly help revive local cotton production and profitability of farmers.

After a thorough appraisal of key barriers to trade in comparison with regional competitors, market insights, global sales forecasting and evolving geopolitical situation, Mudassir Siddiqi presented a Short to Medium to Long Term Work Plan to the Commerce Minister to boost exports of Pakistan's textiles and apparel sector by opting for pragmatic interventions to reducing cost of manufacturing, enhancing economies of scales, targeted marketing events, diversifying to high value-added finished products including technical textiles, expanding to non-traditional markets, simplifying the non-tariff and technical barriers to trade, getting access of potential markets, developing and implementing national action plan on sustainability and circularity, facilitating export-centric R&D projects at firm level, aligning academic activities with industrial needs, and most important developing national Micro, Small and Medium Enterprises (MSME) development program.

Jam further noted that Pakistan is one of the few countries in the world with a complete textile and apparel value chain which is contributing to socioeconomic development of the country. He emphasized the criticality of implementation of strategic interventions to address key challenges and unlock the sector's full potential.

The Minister expressed optimism about increasing textiles and apparel exports through collaborative efforts and supportive policies.

He encouraged a focus on reaching potential in existing markets, exploring new markets, diversifying to high value finished products, and uplifting of Micro, Small and Medium Enterprises.

Source: brecorder.com– Mar 23, 2025

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Pakistan: Weekly Review: Cotton market witnesses continuous price decline

The cotton market continues to witness a persistent decline in prices, with a noticeable drop in spot rates and a slowdown in business activities. Experts have highlighted the urgent need to abolish the Export Finance Scheme (EFS) and the 18% sales tax, expressing hope that these issues will be addressed and eliminated in the upcoming budget.

Malik Talat Sohail of FPCCI has said that the Prime Minister's special attention to the revival of the cotton sector has been widely welcomed as a positive step.

Head of the Technology Transfer Department at the Central Cotton Research Institute, Multan, Sajid Mahmood emphasised that a concrete strategy is essential for the restoration of the cotton industry, as paper-based plans alone are insufficient.

Furthermore, reports suggest that cotton cultivation is being adversely affected due to delays in sowing and a shortage or unavailability of canal water.

Cotton Ginners Forum Chairman Ahsan ul Haq warned that spinning mills and cotton factories face the risk of becoming inactive during the 2025-26 cotton season if these issues are not resolved promptly.

Last week, the local cotton market witnessed a continued decline in prices, with trading volumes remaining limited. However, there has been some improvement in New York cotton futures following recent fluctuations. Textile mills are increasingly showing interest in imported cotton, as well as, cotton yarn and fabric, due to better quality, lower prices, and the availability of the Export Facilitation Scheme (EFS). In contrast, an 18% sales tax is imposed on local cotton making it non-attractive for local buyers.

According to recent reports, a meeting was held in Islamabad to discuss matters related to the EFS. Additionally, there are reports of a potential reduction in energy prices. Meanwhile, ginners holding cotton stocks are facing uncertainty and anxiety about the market situation.

Efforts are being made to promote early sowing for the upcoming 2025-26 cotton season. Early cultivation is already under way in some areas of Sindh, while Punjab has also begun sowing early cotton. The Punjab government has set a target to produce early cotton on 1 million acres of land.

The cultivation of cotton in major cotton zones has once again come under threat due to an unprecedented decline in water levels in dams. The expected delay in the new cotton crop has also led to stagnation in trading activities for the upcoming harvest. Chairman of the Cotton Ginners Forum, Ahsan ul Haq, reported that water reserves in Pakistan's two major dams have reached "dead levels," causing a shortage or complete unavailability of canal water in several districts of Sindh. This has severely impacted cotton cultivation in the region.

In Sindh, the price of cotton ranged between 16,000 to 17,000 rupees per maund, depending on quality and payment conditions. Meanwhile, in Punjab, cotton prices remained between 16,500 to 17,200 rupees per maund. In a related development, the Spot Rate Committee of the Karachi Cotton Association reduced the spot rate by 200 rupees, closing it at 16,800 rupees per maund.

Karachi Cotton Brokers Forum Chairman Naseem Usman said that the international cotton market has shown a mixed trend overall, with New York cotton futures trading between 66.00 to 67.50 American cents per pound.

According to the USDA's weekly export and sales report, sales for the 2024-25 season reached 110,100 bales. Vietnam led the purchases with 73,100 bales, followed by Pakistan with 18,300 bales, and Turkey with 18,000 bales, securing the third position. For the 2025-26 season, 57,900 bales were sold with Guatemala topping the list by purchasing 19,200 bales. Bangladesh followed with 9,900 bales, and Turkey again took the third spot with 8,900 bales.

Sajid Mahmood, Head of the Technology Transfer Department at the Central Cotton Research Institute, Multan, has emphasised that Pakistan's cotton industry is facing a multifaceted yet resolvable crisis. The primary factors contributing to this decline include a lack of coordination among research institutions, institutional inefficiencies, dominance of individual interests, and a severe deficiency in knowledge-sharing mechanisms. The Pakistan Central Cotton Committee (PCCC), the

apex body for cotton research and development, has been rendered ineffective due to financial and administrative constraints. Consequently, national cotton production has plummeted from 15 million bales to a mere 5 million bales. Despite the presence of over 22 public and private research institutions and more than 1,200 seed companies engaged in cotton research, their efforts remain fragmented, failing to yield meaningful outcomes due to the absence of a cohesive and well-defined strategy.

Sajid Mahmood underscored that the fundamental issue is not resource scarcity but rather their inefficient utilization, compounded by institutional rivalry. The lack of strategic collaboration, absence of a unified policy and prevailing inter-organisational competition has further exacerbated the crisis, impeding scientific progress and innovation.

To address these pressing challenges, he advocated for a comprehensive, well-integrated policy framework cantered on revitalising PCCC. This entails ensuring adequate financial support, modernising the existing research infrastructure in alignment with contemporary scientific advancements, and strengthening human resources by inducting highly qualified agricultural scientists and experts. Furthermore, he emphasised the need to consolidate all research and development entities under the PCCC's umbrella, fostering a structured and harmonized strategy to translate research into practical solutions. A transparent and efficient information exchange system is crucial to fostering institutional synergy while eliminating counterproductive competition.

Sajid Mahmood asserted that PCCC is not merely an institution but a national asset integral to the advancement of cotton research, development, and sustainability. A weakened PCCC equates to a weakened cotton sector, with far-reaching implications for farmers, the textile industry, exports, and the broader economy. He urged all stakeholders—including the government, textile sector, research institutions, and farmers— to recognise that a fully empowered and well-functioning PCCC is vital for restoring Pakistan's cotton production, ultimately serving their collective interests. It is imperative to set aside personal agendas and institutional differences to reinstate PCCC to its rightful stature, as a robust and autonomous PCCC is the cornerstone of Pakistan's resurgence in the global cotton market.

Source: brecorder.com– Mar 24, 2025

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NATIONAL NEWS

Customs rule of origin changes may raise compliance cost for importers: GTRI

The amendments in the customs rules to tighten checks on goods imported under free trade agreements (FTAs) could make it harder for businesses to do imports at concessional duties and may increase compliance cost, economic think tank GTRI said on Sunday.

However, it said the move would curb the misuse of FTAs as India has seen repeated instances where goods originating from non-FTA countries, such as China, were rerouted through FTA member countries like Vietnam or Singapore to exploit preferential duty benefits.

On March 18, the Ministry of Finance issued a notification, introducing amendments to the Customs (Administration of Rules of Origin under Trade Agreements) Rules, 2020 (CAROTAR).

The amendment replaces the term, "Certificate of Origin" (CoO), with a broader term, "Proof of Origin", across various rules and forms under the CAROTAR framework, the Global Trade Research Initiative (GTRI) said.

"This change comes in conflict with the several existing FTAs with ASEAN etc where certificate of origin issued by the exporting country is the accepted document," GTRI Founder Ajay Srivastava said, adding the move could make it harder for businesses to do concessional tariff imports.

Electronics, white goods, and auto components often shipped through ASEAN (Association of SouthEast Asian Nations) countries are likely to face heightened scrutiny, Srivastava said.

GTRI has urged the government to publish a detailed framework outlining what qualifies as acceptable proof of origin, and to provide redress mechanisms for importers facing unjustified denials of preferential tariff claims.

It said that now importers would have to ensure access to comprehensive supporting documents that establish the origin of the goods, which is not always feasible, especially when exporters are reluctant to share sensitive trade data like raw material invoices or production costs.

"The compliance burden will increase, as there is no strict definition of what constitutes adequate proof. If not satisfied, Customs can deny preferential tariffs, effectively imposing full duties and penalties," it said.

It added that importers may also be compelled to share sensitive commercial information, which not only raises privacy and confidentiality concerns, but may also subject them to arbitrary or inconsistent treatment.

"This change dramatically increases the compliance burden for importers," Srivastava said, adding, "It gives Customs officials the power to demand detailed production records, invoices, and cost breakdown information that many foreign suppliers are unwilling to share due to commercial sensitivities." This level of scrutiny, critics argue, could lead to delays at ports, higher legal risks, and greater discretion in Customs enforcement, increasing the potential for harassment and corruption, he said.

Further, he expressed concerns that the amendment may potentially conflict with the commitments India has made in various FTAs.

"For instance, under the ASEAN-India FTA, the certificate issued by the exporting country was meant to be final," Srivastava said. "The imposition of further requirements by Indian Customs not only goes beyond the agreement but also risks diplomatic fallout."

Source: thehindubusinessline.com– Mar 23, 2025

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Manufacturing grows at faster pace than services in March: Report

India's private sector showed a mixed performance in March, flash PMI (Purchasing Managers' Index) data showed on Monday. While manufacturing expanded at a faster pace in the month, services slowed down.

A statement by S&P global said that the HSBC Flash India Manufacturing PMI rose to 57.6 in March as against a final index of 57.3 in February. It signals "a notable improvement in operating conditions that was broadly aligned with the average for the 2024/25 fiscal year," the statement said, while adding that three of its five main sub-components have risen since last month, namely output, new orders and stocks of purchases.

"India's manufacturing sector expanded at a faster pace in March, according to the flash PMI. The output index has risen to its highest level since July 2024. Yet, the margin squeeze on manufacturers has intensified as input price inflation ticked up, while factory gate prices rose at the weakest rate in a year. The moderation in new export orders growth was also noteworthy amid tariff announcements," said Pranjul Bhandari, Chief India Economist at HSBC.

In the month under review, HSBC Flash India Services PMI Business Activity Index dropped to 57.7 as against 59 of February. This impacted the Composite Output Index, which dropped to 58.6 in March as against a final figure of 58.8 in February.

The statement said that order book volumes at Indian private sector companies continued to be supported by international sales. New export order growth eased to a three-month low, but have remained marked and above the average since the series started in September 2014. Manufacturing companies registered a faster upturn in new business from abroad than their services counterparts.

"As has been the case for nearly three-and-a-half years, outstanding business volumes across India's private sector increased during March. The rate of accumulation slowed from February, however, and was mild overall," it said, while adding that there were softer increases in both the manufacturing and service categories.

The statement also highlighted that though job creation had slowed down a bit, it was still solid. “Efforts to stay on top of workloads and fulfil rising demand needs prompted private sector companies to hire extra staff in March. Despite slowing to a six-month low, the aggregate pace of job creation was solid by historical standards,” it said. Further, for the first time in seven months, manufacturers signalled a faster increase in headcounts than service providers.

Overall, confidence was positive, but sentiments had weakened. “Business confidence remained strongly positive, but the overall level of sentiment slipped to a seven-month low in March. Fierce competition featured as the main worry among survey participants in the qualitative part of the survey. Both manufacturers and service providers were slightly less upbeat towards output prospects than in February,” the statement concluded.

Source: thehindubusinessline.com– Mar 24, 2025

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US firms join Donald Trump's tariff salvo on India, appeal to USTR

Industry associations and companies in the United States, including the US Chamber of Commerce (USCC), Coalition of Services Industries (CSI), and the iconic bike company Harley Davidson have called on the Donald Trump dispensation to push India to reduce tariffs, non-tariffs, and regulatory barriers to boost American exports.

Their appeal comes as part of the review of unfair trade practices by partner countries launched by the US Trade Representative (USTR) ahead of the announcement of reciprocal tariffs on April 2.

The USCC, the largest business lobbying group in the US, asked for reduced import duties by India on pharmaceuticals to “enhance access to affordable medicines for Indian consumers but also promote greater trade and investment in the healthcare sector.”

The chamber has also called for a potential trade agreement to include provisions to allow for “dual-location of pharmaceutical manufacturing” that could strengthen the global supply chain.

It highlighted price controls on patented medicines and medical devices like stents and knee implants under the National List of Essential Medicines and trade margin rationalisation policies deterring pharmaceutical investments as well as the menace of counterfeit drugs in India.

It wants India to allow the import of refurbished/reused medical equipment including CT scanners and other advanced surgical systems.

The USCC also called for reducing the 28 per cent Goods and Services Tax (GST) on non-alcoholic aerated beverages under the classification of sin/demerit goods that adversely impact the profitability of American companies.

Among other issues, USCC highlighted strict local content requirements in India asking for “competitive neutrality” in key sectors and urging both governments to sign a public procurement agreement that allows mutual access to each other’s public sector.

“As part of any trade deal, India should commit to liberalise additional SOE (state-owned enterprises) segments…”

Harley Davidson, the iconic American bike company often cited by US President Donald Trump, raked in high tariffs it faces in India.

“While the US grants key trading partners like the European Union, Brazil, Thailand, and India imports of motorcycles with duties ranging from 0 per cent to just 2.4 per cent, there is a significant imbalance where US-made motorcycles must pay 6-8 per cent duty rate in the EU, 18 per cent in Brazil, 60 per cent in Thailand, and a 100 per cent in India.”

The Coalition of Services Industries (CSI) whose members include Google, Amazon, Mastercard, in its submission said US companies in all industries face mounting trade and investment barriers in India.

“The raft of digital protectionist policies imposed, or under consideration, by the Indian government remains concerning to the US services sectors,” it said.

CSI highlighted issues like the local content requirement, and unfair advantage given to Unified Payments Interface (UPI) and Rupay cards, data localisation, mandatory testing and certification of telecom equipment, differential tax treatment of foreign companies, Customs duties on information technology products, among others.

The independent e-commerce retailer and sellers in their submission said India and China impose high duties on e-commerce imports and strictly regulate incoming goods through customs controls, prohibiting exports by small retailers from the US.

“For instance, India levies import duties ranging from 42 per cent to 60 per cent on e-commerce goods and has banned certain categories like toys. To ensure a level playing field, e-commerce imports from China and India should be subject to reciprocal duties and quality controls,” it added.

While India is expecting to benefit from greater market access in apparels by signing a trade deal with the US, the American Apparel & Footwear Association has complained that India is making it as difficult and costly as possible to make footwear for the Indian market outside of India.

"Recent Quality Control Orders (QCOs) that India's BIS have implemented required certification of each factory (there is a backlog), testing, audits, and each pair must be stamped with a BIS-certified logo. These protectionist regulations are forcing US companies to exit the market," it said.

The US agriculture commodity associations for items like milk, rice, wheat, soybean, corn, almond, walnuts, pistachio, blueberry, cherry, and table grape raised the issue of high domestic subsidy and significant trade barriers they face in India.

The International Dairy Foods Association (IDFA) said India represents a tremendous potential for US dairy exports, which are limited through a combination of non-tariff barriers and exorbitant tariffs.

"Given that US dairy exports to India reached $52 million in 2024 just in the limited dairy products permitted to enter, IDFA believes the India market potential if restrictions were lifted is at least twice that amount due to significant demand in India for lactose, casein, and whey protein concentrates and isolates, which have historically been restricted," it added.

The US Wheat Associates highlighted the "high levels of domestic support" for wheat production and trade distorting high tariffs to discourage imports by the Indian government. "Compliance on trade distorting domestic subsidy spending would send better market signals and increase economic returns to US producers (by $792 million by 2031/32)."

The Illinois Corn Growers Association (ICGA) highlighted India's import prohibition of genetically modified corn and ethanol for fuel despite ambitious biofuel utilisation goals.

"If US corn were able to access just 15 per cent of Indian corn imports in marketing year 2023/2024, farmers would have received about $22 million. If the government of India allowed the import of US ethanol for fuel use and we achieved just 5 per cent market share, those exports would be worth $237 million annually," it added.

The American Soybean Association said India continues to be a difficult market for US soy exports as it uses "significant tariff and non-tariff barriers" to favour domestic production over imports.

“The US has actively sought bilateral and multilateral opportunities to increase market access, so far without yielding improvements. Soybeans and soybean products face tariffs from 15 to 45 per cent,” it said.

The Almond Alliance representing the farmers of the largest agri commodity exports to India said reduction of import duty for inshell and kernel almonds by India would place the US in a more competitive position to Australia which has a trade agreement with New Delhi providing it a 50 per cent duty advantage.

The North American Blueberry Council (NABC) highlighted that fresh and frozen blueberries face a 10 per cent tariff, while the processed blueberries are subject to tariffs ranging from 10-50 per cent in India. “India’s tariffs are unwarranted and constrain US blueberries exports. NABC urges USTR to pursue the elimination of India’s tariffs on US fresh, frozen, and processed blueberries through any available opportunity.”

The California Cherry Board (CCB) said while India is a potential growth market, exports are constrained by India’s high 30 per cent tariff on imports of fresh cherries. “This high tariff is unjustified, especially considering California cherries do not compete with any Indian cherry production. To facilitate the growth of US cherry exports to India, the CCB seeks the elimination of India’s tariff on imports of sweet cherries through any available opportunity. The CCB would support a US-India trade agreement that achieved this objective.”

The California Table Grape Commission said the US fresh grapes lose out to competitors from Australia and Chile as the latter entered the Indian market at reduced import duties under respective trade agreements. “The commission asks USTR to seek the elimination of India’s high 30 per cent tariff on US fresh through any available opportunity and to pursue reforms to India’s import and taxation system to reduce the burdens on trade,” it said.

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

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Parliament Question: Ministry of Textiles

WELFARE OF POWER LOOM WORKERS

EXPORT OF SILK WASTE

ACHIEVEMENTS UNDER NHDP

GI TAGGED PRODUCTS

INITIATIVES UNDERTAKEN UNDER NTTM

BUDGETARY ALLOCATION TO NTTM

FUNDS ALLOCATION TO PLI

SUPPORT TO SILK FARMERS AND WEARERS

ALIGNMENT OF SAMARTH CENTRES

PROGRAMMES IMPLEMENTED UNDER NCDPD

PROMOTION OF TRADITIONAL TEXTILES

JOB CREATION IN TEXTILE INDUSTRY

INVESTMENTS IN TEXTILE SECTOR

WOMEN WEAVERS

IMPROVING TEXTILE EXPORTS

HIGHTECH APPAREL AND WEAVING PARKS

INPUT MATERIALS FOR DOMESTIC INDUSTRY

Source: pib.gov.in– Mar 21, 2025

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All EOU, AAH, SEZ exports during extended period should get Rodtep benefits

The Commerce Ministry has notified extension of the Rodtep (Remission of Duties and Taxes on Export Products) scheme for export of products manufactured by advance authorisation holders (AAH), export oriented units (EOU) and units in special economic zones (SEZ) retrospectively from January 1, 2025, to February 5, 2025.

This will give many exporters some money they were not expecting but the way the government has gone about it is quite surprising, because this extension should have come before December 31, 2024.

Rodtep scheme seeks to refund the duties/taxes/levies, at the Central, State and local level, borne on the manufacture and distribution of the exported product, which are not rebated through any other schemes. The scheme was introduced in 2021 but exports by AAH, EOU and SEZ units were made eligible with reduced entitlements under the scheme only from March 11, 2024, to December 31, 2024.

Although no extension of the scheme came for these select categories, ICEGATE, the Customs portal for electronic transactions initially ran a message that the scheme is extended till January 15, 2025.

This caused widespread confusion as highlighted in these columns. Later, the ICEGATE ran messages about extension of the scheme till January 25, 2025, and thereafter till February 5, 2025, for the select categories of exporters but no notifications came through extending the scheme beyond December 31, 2024.

In the absence of any notifications, many exporters did not opt for the scheme in the shipping bills and many Customs field formations refused to allow the AAH, EOU SEZ units to opt for the scheme. However, some exporters did tick the appropriate box opting for the scheme and in some cases, the Customs had even generated the scroll for grant of duty credits under the scheme.

Now, it appears the exporters who opted for the scheme, when no legal entitlement through a notification existed, will get the benefits for their exports till February 5, 2025, whereas the exporters who went by the correct legal position and did not opt for the scheme in the shipping bill

will have to wait for instructions from the government on what they need to do to get their entitlements for exports made from January 1, 2025, to February 5, 2025. The best course of action would be for the government to automatically allow the entitlements against all shipping bills filed during the relevant period by the select category of exporters whether they had opted for the benefits under the scheme or not. Otherwise, the exporters who strictly complied with the law may have to go for amendment of shipping bills and if that does not work, approach the courts.

Para 4.54 (iv) of the Foreign Trade Policy 2023 says that the overall budget/outlay for the Rodtep Scheme would be finalized by the Ministry of Finance in consultation with the Department of Commerce, taking into account all the relevant factors.

It appears the Finance Ministry was reluctant to continue the scheme for exports by AAH, EOU and SEZ units beyond December 2024, but has subsequently thought fit to relent. However, the ICEGATE continued to run the messages about continuation of the scheme till February 5, 2025, without any legal back up. The way the government has gone about this issue speaks poorly about the coordination between its various wings.

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

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The real culprit on trade: China, not Trump, broke trading system

American President Donald Trump's tariff rampage appears to have fatally wounded the global trading system.

The United States' (US') mercurial President declared during his campaign last year that "tariffs" were his favourite word, and his actions in office seem to indicate that, on this occasion at least, he was telling the unvarnished truth. India, in spite of hopes that recently announced trade negotiations would delay the inevitable, is not going to be spared: Mr Trump told a right-wing news outlet in the US that India, too, would be hit by tariffs on April 2.

Such trade measures are an escalation, but also a culmination of actions taken by the US since Mr Trump was first elected in 2016 and took the country out of the Trans-Pacific Partnership. The interregnum of a Democratic administration under President Joe Biden did little to reverse Mr Trump's original actions destabilising the global trading order. Indeed, in some ways Mr Biden intensified the US' war on trade. It was he who added the wide use of sanctions, technology restrictions, and protections, as well as a subsidy and spending war, to the tariff measures of his predecessor.

It would be easy therefore to blame the US entirely for the destruction of the global trading system. But that is only part of the story. Unless the rest of the story is properly understood, we will not be able to repair the damage that has been done.

The fundamental flaw at the heart of how international trade in the era of the World Trade Organization (WTO) functions is the polite assumption that all economies are similarly structured. In other words, that costs, subsidies, and protections are transparent.

Unfortunately, the biggest trading power in the world does not meet these criteria. If the People's Republic of China violates this assumption, then the entire trading system is built on a lie. It is to this baseline problem that US actions, and those of others from the European Union to India, are responding.

China’s accession to the WTO was premised on the assumption that its economy was, or eventually would be, comparable to the market economies that designed the system. The fact that it was not then; nor has it tried hard enough since to become one. As a consequence, it has built up imbalances domestically — and, thanks to its sheer size, those imbalances have expanded and mutated till they cover the entire world.

The fundamental imbalance in the Chinese economy is born of the financial repression and economic limitations that the Chinese Communist Party has built into the system it controls. Chinese households cannot spend as much as they should, and are given poor returns on their own savings. Overall consumption and household wealth are thus too low in comparison to what would have been the case in a normal economy. What they are deprived of flows instead to the state sector, where it is then either spent to subsidise state-owned enterprises, or to subsidise inputs into specific parts of the private sector — inputs such as electricity and investment capital.

This process has been bad for China because it limits the country’s growth and reduces the productivity of invested capital. In real terms, the country builds too much infrastructure in the wrong places, while actual housing remains too expensive for working families. But it is hard to rebalance its economy — a promise for over a decade now — because of the party’s political economy constraints. It desires control over the private sector, and the renegotiation and losses involved in rebalancing away from the current form of investment-led growth would create discontent within the elite and sap the party leadership’s power.

But this politically-driven imbalance within the Chinese economy has also warped the global economy. Hidden subsidies to power, land, and capital mean that competing with Chinese manufacturing has become very difficult for more transparently-run economies. By some estimates, China has the lowest average electricity price for industrial users among major economies. It is about 60 per cent of the equivalent in India, and about a quarter that of Germany’s. Meanwhile, it has increased and is still increasing the use of targeted tax subsidies in export-oriented sectors such as electric cars, batteries, and solar panels.

There is no recourse within the WTO system for China’s trading partners if they want to correct this issue. It is not entirely surprising that both parties in the US have lost faith in WTO dispute settlement.

As walls are erected against Chinese goods in the West — whether through tariffs, in the US, or by unilateral trade measures such as carbon border taxes or supply-chain transparency rules, in Europe — Chinese excess capacity will begin to consume poorer nations' sectors. These other countries should currently be at the point where they are able to substitute for China — where wage and other costs should have been increasing alongside the country's wealth and rendering it less competitive. But, instead, they are being forced to fall further behind. Indonesia may have lost a quarter of a million jobs in the export-focused labour-intensive garments and textiles sector in just two years, and may lose another half million in the coming two. Instead of substituting China, they are still being substituted by China. This has never happened before in global economic history.

Meanwhile, the corresponding macro-economic imbalances to China's unbalanced domestic economy have caused too much capital to flow into the US, giving its government an effective blank cheque that distorts its politics and causes it to overuse debt-funded subsidies in turn. This distorts the flow of global capital, hurting investment in emerging markets, and causing Europe to struggle to raise public funds to compete with the treasuries of the US and China.

Countries have been unable or unwilling to target the consequences of Chinese overcapacity directly. The US has instead raised tariffs on Europe, Canada, and India. And New Delhi has tried a return to the licence-permit raj through "quality control orders" — which cannot target Chinese goods directly, and so instead hurt Indian traders and foreign investors.

Such poorly conceptualised trade measures will leave us all poorer off. If we are to recover the mutual benefits provided by trade, then let us diagnose the problem properly and seek to address the root cause of the problem — Chinese domestic policies.

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

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Extend interest subsidy till rollout of export promotion mission, says Parliament panel

The Department of Commerce has informed the Standing Committee of Parliament on Commerce that under the export promotion mission (EPM), it is working to carve out an umbrella scheme with various components, in consultation with the ministries of Finance and MSME.

NEW DELHI: The withdrawal of the interest equalisation scheme and its merger with the export promotion mission is going to adversely affect the Indian exporters and it should be extended till the operationalisation of the mission, according to a report of a Parliamentary panel. The mission which was announced in the budget has an outlay of Rs 2,250 crore.

The Department of Commerce has informed the Standing Committee of Parliament on Commerce that under the export promotion mission (EPM), it is working to carve out an umbrella scheme with various components, in consultation with the ministries of Finance and MSME.

"Once the cabinet approves the scheme, additional funds required will be sought from the Department of Expenditure," the commerce department has informed the committee.

The committee has stated that cost of finance and logistics still remains comparatively high in India in comparison to its competitors and the Interest Equalisation Scheme has provided some succour to the exporters, by compensating for the high cost of export credit.

"However the withdrawal of the Scheme and its merger with EPM, which is still not operational, is going to adversely effect the Indian exporters. The Committee recommends that this Scheme should be extended till the operationalisation of the Mission. The Committee recommends that this Scheme should be extended till the operationalisation of the EPM," it said.

It was also suggested that the Department of Commerce should carry out a detailed assessment of its requirement for funds and if required, seek additional funds well in time at the RE (revised estimate) stage. In India, the Repo Rate stands at about 6.25 per cent, with exporters bearing interest rates ranging between 8 to 12 per cent or even more due to high spread of the banks which makes the country's exports uncompetitive vis-a-vis competitor countries.

"The Committee would have ideally preferred continuation of the Scheme.

However, if a new scheme is being envisaged, the component of Interest Equalisation must be duly incorporated with adequate allocation of funds," the standing committee said.

It also said that amongst the countries with whom India has signed Free Trade Agreements (FTAs), some countries like Australia, Indonesia, Japan, Korea, Malaysia, Philippines, Singapore, Vietnam, etc. export much more than what they import from India.

The Department of Commerce should take measures to target these countries with specific products/services so as to bridge the balance of trade gap with these countries, it said adding the Department should proactively take measures to conclude the FTAs which are under consideration for mutually beneficial trade opportunities with various countries.

India is negotiating trade pacts with the US, UK, European Union, Australia, Oman and New Zealand.

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

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Explained: As US eyes India market for farm produce, why these 3 crops are key

Amid the threat of tariffs, the Trump administration is seeking greater market access for American agricultural produce in India. Cotton, corn and soyabean are the three main crops of interest for the US

The US has three major crops of interest —soyabean, corn (maize) and cotton — when it comes to securing greater market access in India.

The demand for "opening up" could be all the more with US President Donald Trump threatening to impose so-called reciprocal tariffs on Indian exports from April 2: "We will be charging them the same tariffs they charge us".

The US is a huge exporter of all the three commodities, whose combined shipment value peaked at almost $62 billion in 2022 (see table).

Equally notable is China being the single biggest market for US soyabean and cotton, despite its purchases between 2022 and 2024 falling from $17.9 billion to $12.8 billion for the former and from $2.9 billion to $1.5 billion for the latter.

China was also the largest corn importer from the US at $5.2 billion in 2022, before it plunged to $328 million by 2024. Since 2023, Mexico and Japan have become the top two buyers of US corn.

India — a potential market

It's against this context that a new report from the US Department of Agriculture's (USDA) economic research service — titled 'The Growing Demand for Animal Products and Feed in India' — makes for interesting reading.

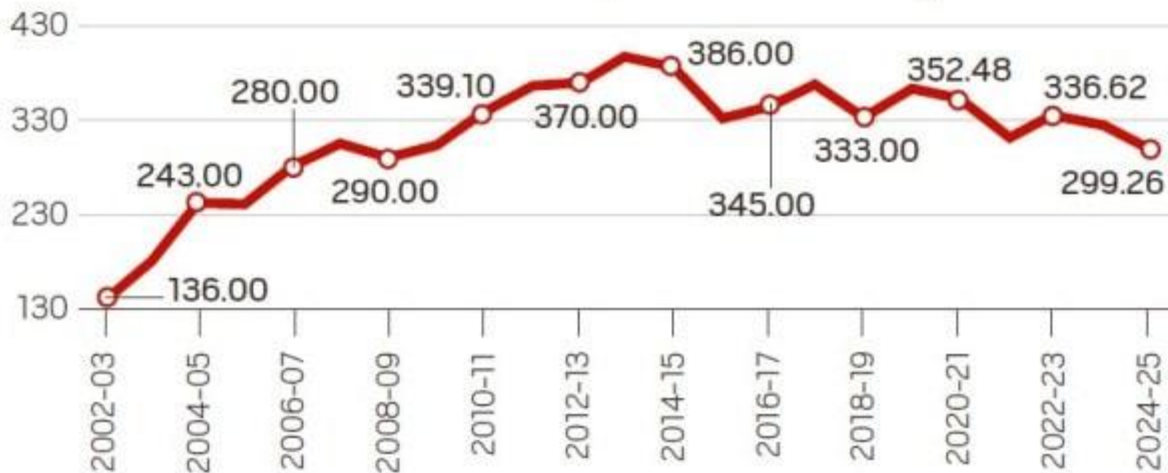
The report projects India's consumption of animal products — milk, eggs, fish and meat — to increase with rising population and per capita GDP. That would, in turn, drive demand for feed and ultimately the need for substantial imports of ingredients such as corn and soyabean "by the early 2030s".

US SOYABEAN, CORN AND COTTON EXPORTS ($ billion)

	2021	2022	2023	2024	Volume*
Soyabean	27.42	34.36	27.72	24.58	52.40
Corn	18.63	18.57	13.11	13.92	62.35
Cotton	5.68	8.91	5.95	5.00	2.49

*2024 numbers in million tonnes, Source: US Department of Agriculture.

ALL-INDIA COTTON PRODUCTION (lakh bales of 170 kg)



Source: Cotton Advisory Board, Ministry of Textiles.

India's domestic corn consumption is expected to climb from 34.7 million tonnes (mt) in 2022-23 to 98 mt in 2040 and 200.2 mt in 2050 under a scenario of "rapid" income growth (6.6% per year). It would go up less — to 62.8 mt in 2040 and 93 mt in 2050 — if income growth is "moderate" at 4.6% per year. Consumption of soyabean meal is likely to similarly go up from 6.2 mt in 2022-23 to 30.9 mt and 68.3 mt for these years under the "rapid" and to 17.7 mt and 28.3 mt under the "moderate" income growth scenarios.

Meeting the higher demand would require imports of 46 mt and 134 mt of corn and 19 mt and 53 mt of soyabean meal in 2040 and 2050 respectively under the "rapid" income growth scenario. If income growth is "moderate", corn imports will be 11 mt in 2040 and 26 mt in 2050, while correspondingly at 6 mt and 13 mt for soyabean meal.

Simply put, India offers tremendous market potential for American corn and soyabean, even as China reduces its imports or sources more from other suppliers like Brazil and Argentina.

Underlying assumptions

Just for perspective, China imported 112 mt of soyabean, 23.4 mt of corn, 15.9 mt of barley, 8.3 mt of sorghum, 5.5 mt of rapeseed and 9.4 mt of oil meals in 2023-24. Much of these went to meet the feed demand of its humungous swine herd and poultry flock: China has roughly half of the world's pig population and a fifth of its chickens.

India is nowhere as big an animal products consumer. According to the USDA report, India's per capita consumption of 82.6 kg in 2020 was way below the 143 kg global average. Even the 82.6 kg was dominated by milk (66.3 kg), followed by fish (7.9 kg), eggs (3.9 kg), poultry meat (2.6 kg), beef (1.1 kg), mutton (0.6 kg) and pork (0.2 kg).

India's production of animal products has definitely registered impressive average annual growth — of 8.5% for chicken, 5.8% for eggs, 5.1% for bovine meat, 5% for milk and 3.9% for butter/ghee during 2000-22. Only in goat/sheep meat, the 0.8% output growth trailed the average population rise of 1.4% for this period.

The livestock sector's buoyant growth is also reflected in domestic corn consumption nearly trebling from 12 mt in 2002-03 to 34.7 mt in 2022-23 and quadrupling for feed use (from 5.2 mt to 20.6 mt).

But whether animal products consumption and the derived feed demand will grow to the extent projected by the USDA research report is a moot point. India has so far been a minor importer of feed ingredients. In some years, it did import significant quantities of corn (458,470 tonnes in 2019-20) and soyabean meal/cake (679,843 tonnes in 2021-22). The report estimates total feed consumption at 46.4 mt in 2022. Within that, imports of feed commodities were a mere 178,969 tonnes.

While these volumes are a fraction of China's, what's not in doubt is that the US sees India as a large market for its corn and soyabean down the line. India currently levies a 45% basic customs duty on soyabean and 50% on corn imports.

Further, it has restrictions relating to genetically modified (GM) products, which effectively ban imports of corn, soyabean or meal from the US. One wouldn't be surprised to see the Trump administration pushing for a lifting of these tariff and non-tariff barriers on US corn and soyabean.

Cotton — from exporter to importer

The third crop of interest is cotton, where the US was the world's No. 1 exporter before Brazil overtook it in 2023-24.

The accompanying chart shows India's cotton output trebling from 13.6 million to 39.8 million bales between 2002-03 and 2013-14, before steadily declining to a 16-year-low of 29.9 million bales this crop year.

The cultivation of GM cotton hybrids, incorporating genes from the Bacillus thuringiensis or Bt soil bacterium toxic to the American bollworm insect pest, enabled India to emerge as the world's second biggest producer (after China) and exporter (after US) by 2011-12.

Those gains were, however, squandered due to no new GM technologies being approved for commercialisation after 2006 and the existing Bt hybrids turning susceptible to alternative pests, especially pink bollworm and whitefly.

India's cotton imports for 2024-25 (October-September) are projected at 3 million bales, surpassing its exports of 1.7 million bales that are a far cry from the all-time-high of 13 million bales achieved in 2011-12.

This transformation from a net exporter to importer would, for the US, present an opportunity to ship out more cotton to India. US exports to India were valued at $491.2 million in 2022, $231.2 million in 2023 and $210.7 million in 2024 — which could rise with a 11% duty now on imports of the natural fibre being removed.

The chances of India becoming the biggest market for the US are, perhaps, higher in cotton than in soyabean or corn. And it may be argued that duty-free imports of raw cotton can boost India's textile and apparel exports to the US itself, which stood at $10.8 billion in 2024.

Source: indianexpress.com– Mar 24, 2025

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Trump's tariff deadline is 'liberation' or 'yoke'?

India's trade officials are putting up a brave front and hoping to reach a broad bilateral trade agreement (BTA) with a visiting US team next week. This, they say, will help ward off a slew of punishing tariffs that are due to kick in on April 2 next month. Privately, they know there is little chance to deflect Donald Trump's tariff blitzkrieg.

The first round of tariffs on aluminium and steel imposed on Mexico, Canada and China have been roiling US and Asian markets; and consumer confidence in the U.S. has plummeted. This has not deterred Trump. He has repeatedly said 'tariffing' friend and foe is the panacea to generate billions and bring back industries to the mid-west American 'rust belt'.

Answering reporters' questions on an Air Force One flight a few days ago, he called April 2 'Liberation Day'.

"It's a liberation day for our country because we're going to be getting back a lot of the wealth that we so foolishly gave up to other countries," he said. To questions whether he would ease up tariffs considering the anxieties about its inflationary effects, he said 'no'.

Though Donald Trump's flip-flops are legend, he has been steady on his view that India is preventing the entry of US goods using the highest tariffs in the world. Either countries like India come to heel and reduce tariffs, or they face a new regime of equivalent tariffs from April 2.

In an interview days ago with the right-wing news outlet, Breitbart News, Trump did not mince his words.

"I believe they're probably going to be lowering those tariffs substantially, but on April 2, we will be charging them the same tariffs they charge us." Asked about his recent meeting with Prime Minister Modi, Trump said: "I have a very good relationship with India, but the only problem I have with India is they're one of the highest tariffing nations in the world," he added.
It's about self-reliance

On the face of it, Trump has a case. World Trade Organization data shows India's simple average tariff rate is 17 per cent, compared to about 3.3 per cent for the U.S. On a trade-weighted basis, India's rate is about 12 per cent compared to the US' 2.2 per cent. It is also true India is among the

highest tariffing nations. China's average rate is 2.35 per cent, the European Union is 1.39 per cent. Trump never tires of mentioning how Harley Davidson was forced to exit India on the back of 120 per cent import duty.

But then Indian and US is not an apple-to-apple comparison. The United States' industry and services are strides ahead of India. In many sectors, India cannot compete on an even plane. It was the Nehruvian socialistic policies that brought in high tariffs to encourage local industry by erecting a firewall to keep international competition at bay. The reformist Narasimha Rao government in 1991 and subsequent BJP governments have pulled back a little, but have largely continued to endorse high tariffs. Tariffs, however, cannot be a permanent regime, and once local industry matures, it should be allowed to compete with international players. This also guarantees consumers a free choice, as it should be. But how does one determine the perfect tipping point?

Domestic FMCG and auto manufacturers have matured, but have prevailed upon government to continue cozy tariffs that keep competition out. On the other hand, millions of small and micro units (MSMEs) will be forced out of business and crores rendered jobless if tariff protection is lifted.

Falling in line

Unlike Canada, Mexico and China, India has not adopted an aggressive posture. In fact, it has been a policy of appeasement in the face of US threats. Dismantling of customs duty on selective goods began with the Union Budget; and before the Prime Minister's visit to the US in mid-February. In the Budget, 36 life-saving drugs for treatment of cancer and other chronic diseases were exempted of customs duty. For MSMEs, duty on cobalt powder and waste, scrap of lithium-ion batteries, lead, zinc and 12 more critical minerals was waived.

But the US side has repeatedly signaled they are not impressed by this piecemeal approach. India will have to lift a broad swathe of tariffs and make up the imbalance in the two countries' massive annual $130 billion trade. All the pointers indicate President Trump is going to come down with a vengeance on April 2, considering his deal-making to bring peace to Ukraine and Gaza have largely failed.

Carping under Trump's barbs that India is a 'tariff king', India is considering tariff cuts in at least a dozen sectors, from electronics to medical equipment and chemicals, to boost U.S. exports. India also plans to increase energy product imports from the United States, estimated at over $11 billion in FY 2025. Leather and textiles, agricultural products are also on the list, as well as cars and alcohol, which carry tariffs of over 100 per cent.

Once the iron dome of tariffs is lifted, there will be a perceptible negative impact on 'self-reliance', and small, labour-intensive local industries are bound to suffer. As it is much less is spoken these days of 'Make in India' and atmanirbharta.

Source: newindianexpress.com– Mar 23, 2025

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