

IBTEX No. 48 of 2025

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Currency Watch			
USD	EUR	GBP	JPY
85.68	97.36	113.19	0.60

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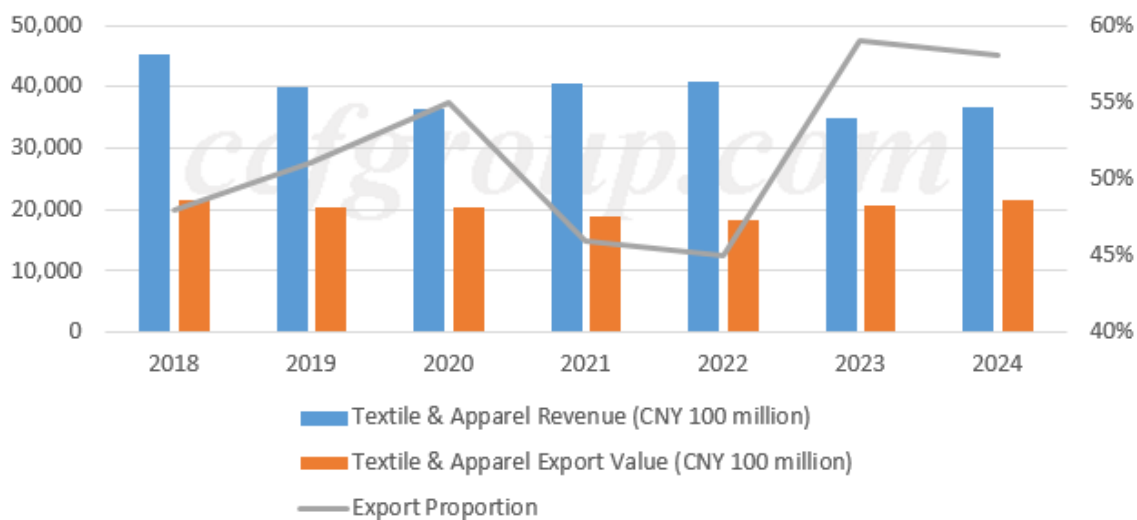
Structural trends in China's textile and apparel exports and U.S. imports

Since the Qingming Festival, the tariff conflict has evolved to the point where the U.S. imposes a 145% tariff on China, and China imposes a 125% tariff on the U.S. Further tariff hikes have become less relevant; the focus now lies more on how strictly transshipment is controlled and whether there is any chance of easing tensions.

Given the high volatility in policy changes, it is difficult to accurately predict the path forward. Instead, we can examine the fundamental landscape of the textile and apparel sectors, with China as a major exporter and the U.S. as a major importer.

China's Textile and Apparel Exports

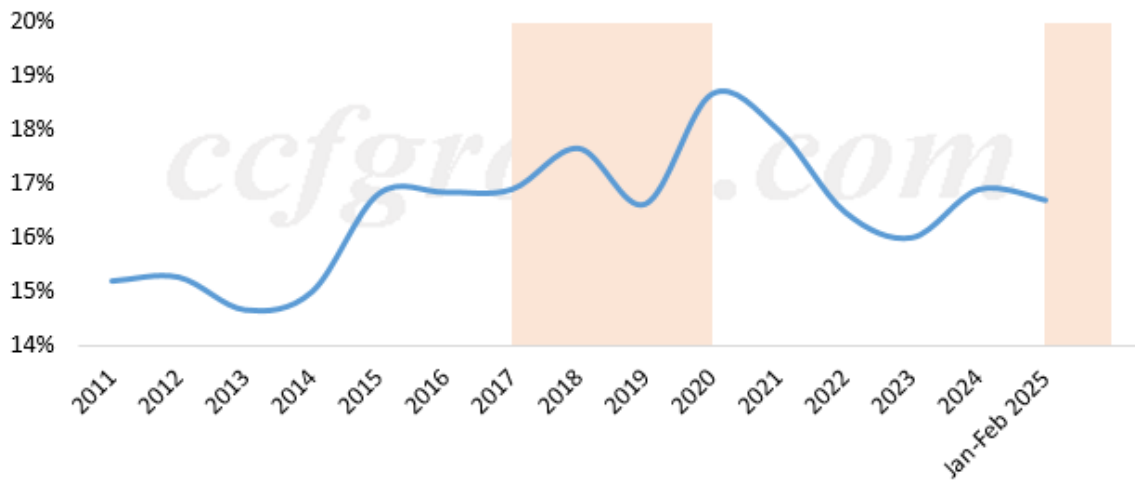
Textile and apparel domestic sales and exports



In the perspective of China's textile and apparel industry revenue, the export proportion was about 58% in 2024, compared to a relative low of 45% in 2022.

During Trump's first term, China's textile and apparel exports to the U.S. increased as a share of total exports—from 16.85% in 2016 to 18.68% in 2020. Before Trump's second term, this share stood at 16.9% in 2024.

Proportion of China's textile and apparel exports to the U.S. in total exports



In terms of product structure, China's apparel exports to the U.S. accounted for a larger share than textile exports, at 22.7% and 10.4%, respectively. China's textile exports are mainly concentrated in countries under the Belt and Road Initiative (BRI) and RCEP frameworks, with Vietnam surpassing the U.S. as a single export destination.

However, for apparel exports, the U.S. remains the largest single destination, with a considerably higher share than any other country or regional bloc, even surpassing ASEAN and the EU.

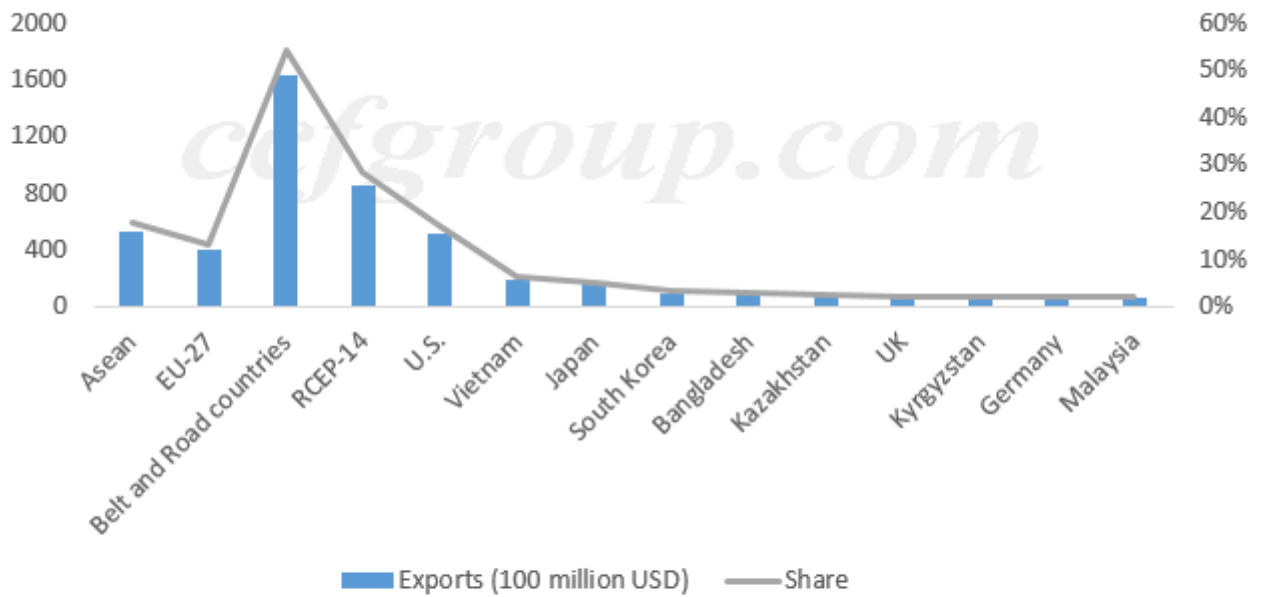
From the perspective of absolute export volumes, China exported 5.02 million tons of textile and apparel to the U.S., accounting for 11% of total exports, which is lower than the proportion by export value-reflecting the higher proportion of apparel in exports to the U.S. Exports to the 10 ASEAN countries totaled 8.86 million tons, accounting for 19%.

U.S. Textile and Apparel Imports

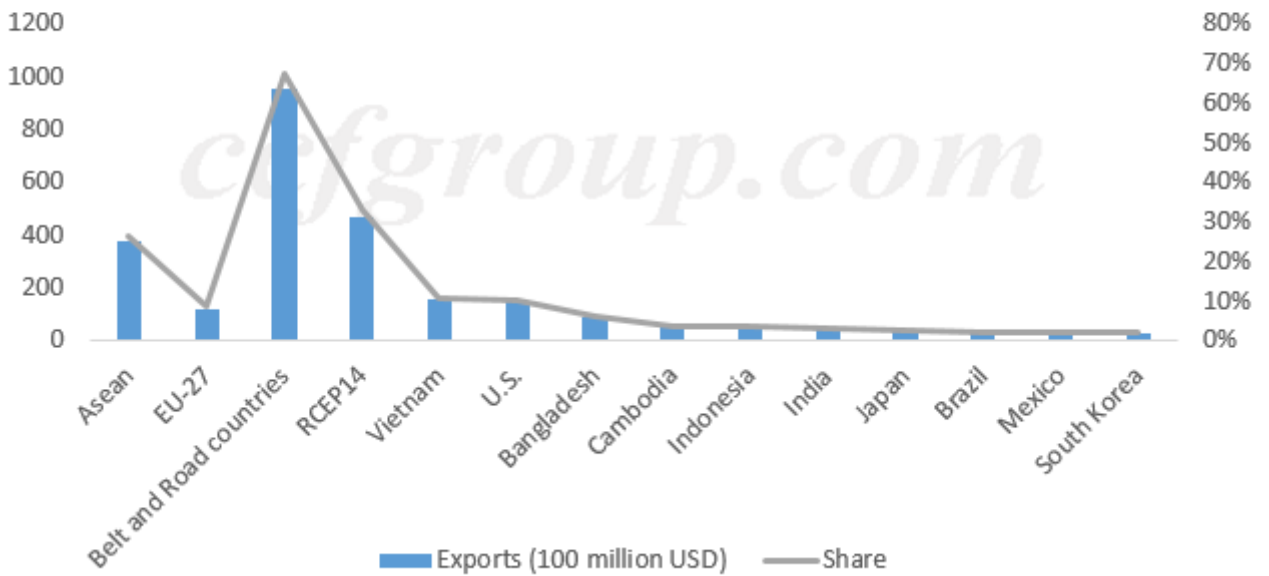
During Trump's first term, the share of U.S. textile and apparel imports from China (by value) declined from 37% in 2016 to 28% in 2020. By 2024, ahead of his second term, this share dropped further to 24%. Meanwhile, the share of imports from Vietnam, India, Bangladesh, Cambodia, and Turkey has been steadily rising, essentially offsetting the decline in imports from China.

In 2024, these six countries combined accounted for 62% of U.S. textile and apparel imports by value, nearly two-thirds.

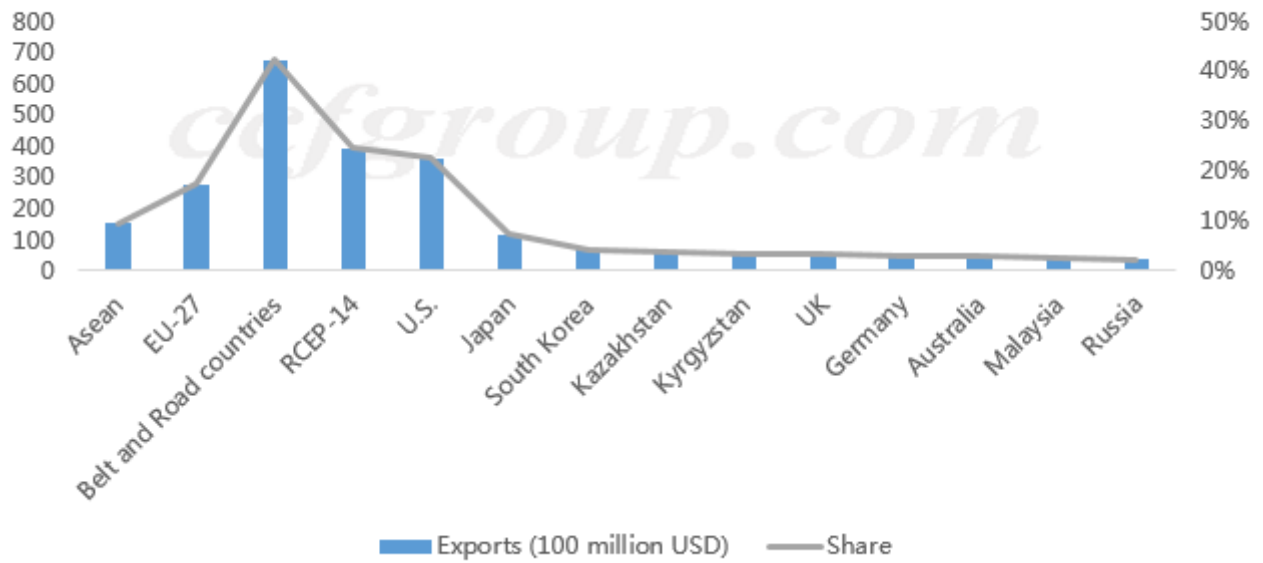
China's textile and apparel export value and share in 2024



China's textile exports and share in 2024



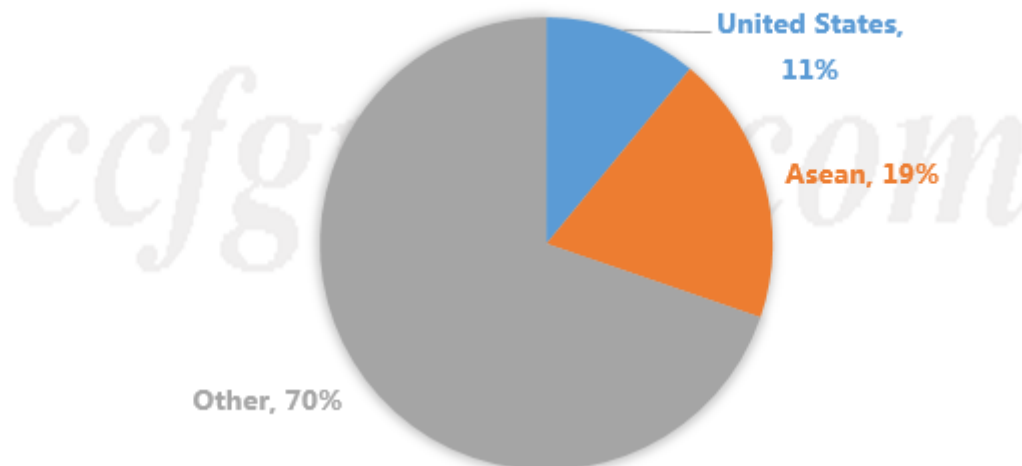
China's apparel export value and share in 2024



From the volume perspective, China's share in U.S. textile and apparel imports also declined—from 48% in 2016 to 47% in 2020, and further down to 33% in 2024.

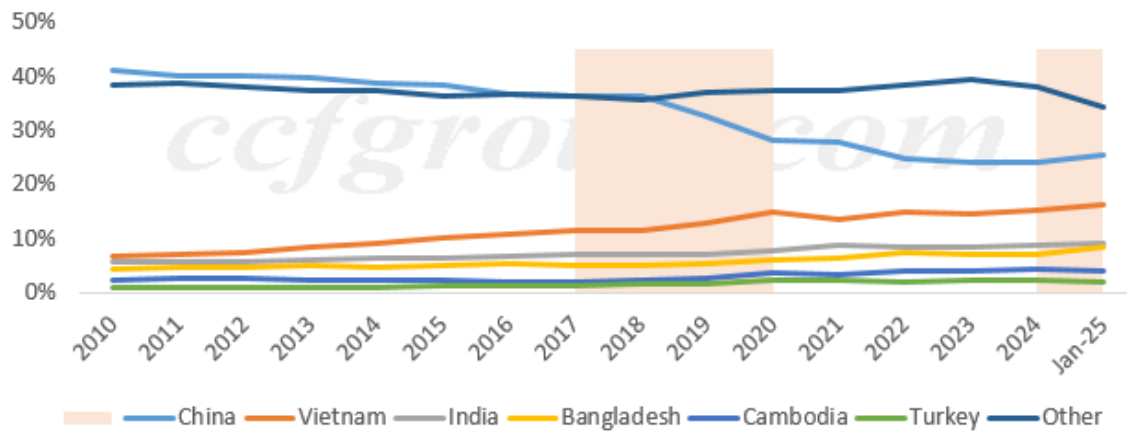
In 2024, China, Vietnam, India, Bangladesh, Cambodia, and Turkey together contributed 61% of the total import volume, again close to two-thirds.

China's share of textile and apparel exports in 2024

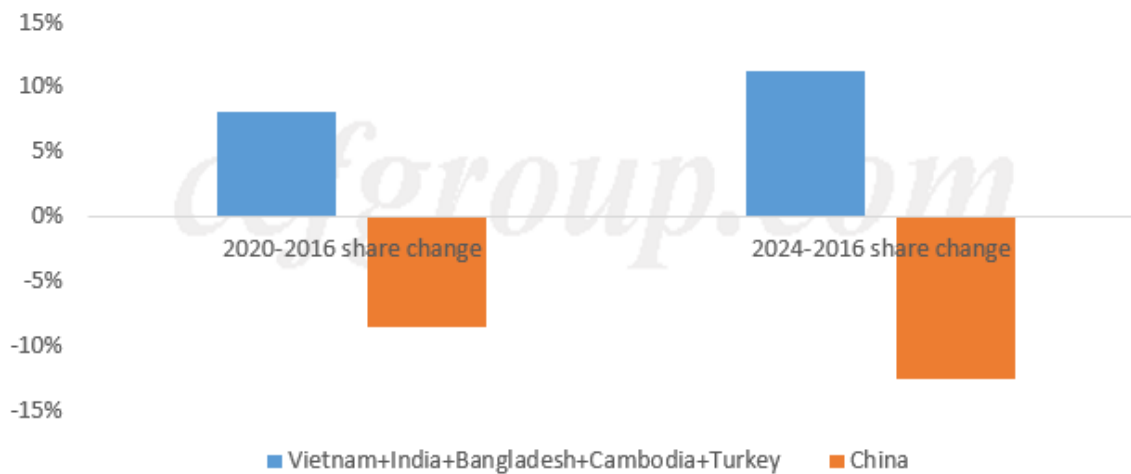


In recent years, the interdependency between China and the U.S. in textile and apparel trade has been steadily declining, largely due to the relocation of China's textile and apparel production to Southeast Asia, South Asia, North Africa, and the Middle East.

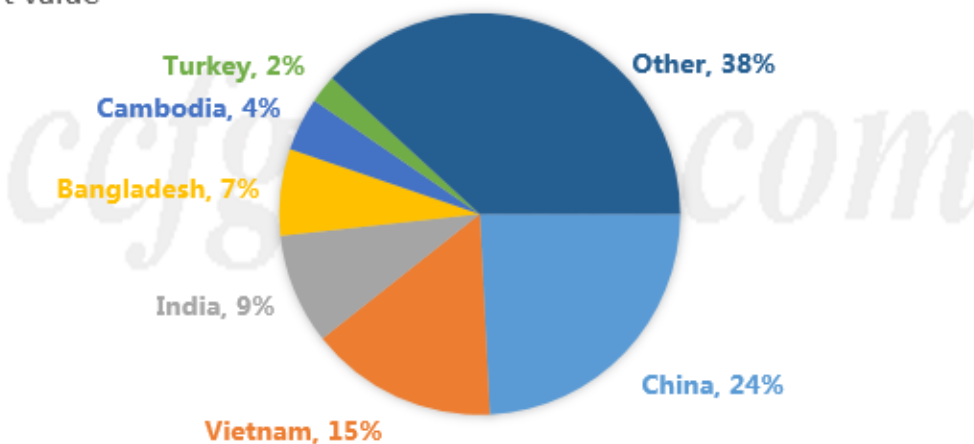
Changes in sources of U.S. textile and apparel imports-based on import value



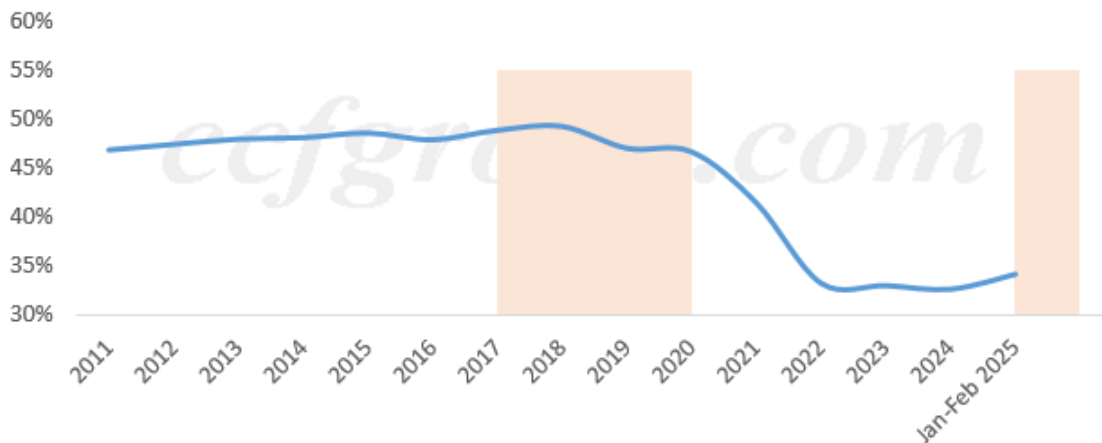
Changes in U.S. textile and apparel imports-by import value share



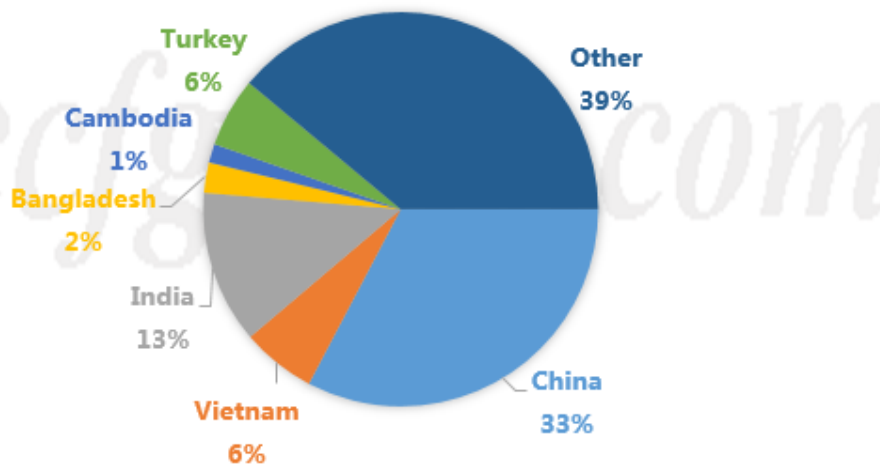
Sources of U.S. textile and apparel imports in 2024-based on import value



China's share of U.S. textile and apparel imports



Sources of U.S. textile and apparel imports in 2024-based on import volume



Looking ahead, it is unrealistic for the U.S. to completely cut textile and apparel consumption or reduce it by one-third. While short-term buffers like pre-stocking and inventory drawdowns are possible, this is not feasible in the mid-to-long term. (As of January 2025, the U.S. wholesale inventory-to-sales ratio for apparel and apparel fabrics stood at 2.03.) At the same time, the textile and apparel sectors in Southeast Asia, South Asia, North Africa, and the Middle East have not yet developed to the point where they can fully replace China, especially for mid-to-high-end or functional fibers, some of which still depend on raw materials from China. In the long run, the most likely outcome is a restructuring of the global textile and apparel supply chain.

Source: ccfgroup.com– Apr 14, 2025

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Will the 90-day tariff exemption period lead to "export rush"?

On April 2, the Trump administration announced a comprehensive increase in reciprocal tariffs, including an additional 10% ad valorem tariff on all trading partners starting April 5. Beginning April 9, specific tariffs will be imposed on around 60 countries (those with significant trade deficits with the U.S. and several that have been previously reviewed for non-tariff barrier issues), such as a 34% tariff on China and a 46% tariff on Vietnam. The scope and rates of these reciprocal tariffs have exceeded expectations.

Previously, China's textile and apparel capacity has been relocating to Southeast Asia to circumvent U.S. tariff policies. However, the Trump administration's indiscriminate imposition of reciprocal tariffs has essentially closed off the route for Chinese textile and apparel companies to export to the U.S. via Southeast Asia.

As a result, both direct and indirect exports to the U.S. have been urgently halted, causing panic among Chinese textile and apparel enterprises with production capabilities in Southeast Asia.

However, on April 9, there was a change when the White House suddenly announced a 90-day suspension of tariffs on 75 countries, reducing tariff rates from a maximum of 50% to 10%, but notably excluding China from the "exemption list" and increasing China's tariffs to 125%, signifying a decoupling of U.S.-China trade.

The announcement of the 90-day tariff exemption period means that the door is once again open for Chinese textile and apparel companies to "export via" Southeast Asia to the U.S. Many market participants believe that, as Southeast Asia is a major export region for China's polyester filament yarn, textiles and apparels, will the adjustment of tariff policies trigger a short-term rush in export demand?

In response, CCFGroup has conducted some preliminary survey recently.

Firstly, it is crucial to clarify a key point: for Chinese textile and apparel companies to export to the U.S. via Southeast Asia, obtaining local certificates of origin is essential. Simple transshipment is ineffective and is explicitly prohibited. Therefore, companies must process goods abroad

to obtain the local certificates of origin to benefit from the U.S. tariff policies applied to those countries.

It was learned that textile and apparel businesses in Southeast Asia are indeed quite busy, and many are scrambling to export as much as possible to the U.S. within the 90-day window.

How much can this rush in Southeast Asia boost the export of raw materials and semi-finished products (fabrics and yarns) from China? it is believed that the impact may be limited.

For China, the textile and apparel capacity is substantial and there is overcapacity available. In past instances of export rushes, China has been capable of handling a large volume of U.S. orders in a short period and delivering before the tariffs take effect. A surge in orders usually leads to a significant increase in demand for fabric and yarn.

However, as for Southeast Asia, the textile and apparel capacity is limited, and many of these enterprises already have full orders at hand. In the short term, they cannot take on many new U.S. orders and meet delivery timelines. What they can do is fulfill existing orders as much as possible before the tariffs are implemented after the 90 days.

According to feedback from some domestic fabric suppliers, the previously paused fabric orders for overseas apparel factories resumed following the announcement of the 90-day tariff exemption period. Additionally, there are indeed some U.S. clients sending orders to specified domestic apparel factories for processing, which are then forwarded to overseas locations. However, the capacity of overseas apparel factories is limited, and they are unable to produce large quantities or handle more complex designs due to a lack of skills. Therefore, the overall increment is estimated to be very limited.

Source: ccfgroup.com– Apr 14, 2025

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USA: Apparel Import Bookings Down Nearly 60% Ahead of ‘Reciprocal’ Tariffs

Ahead of the tariffs President Donald Trump slapped on just about every country worldwide, apparel sellers began drastically pulling back imports into the U.S.

According to data from supply chain visibility provider Vizion, apparel saw a 59.1 percent weekly decline in import bookings on the week of March 31—the highest rate among product type across all countries. This covers apparel under HS (harmonized system) code 62, which includes items like shirts, shorts, pants, overcoats, suits, dresses and skirts.

Kyle Henderson, CEO and co-founder of Vizion, told Sourcing Journal that the steep decline in apparel bookings “makes perfect sense,” particularly given the margin levels of the industry.

“A low-margin, high-volume Asia-origin business like apparel is extremely susceptible to the tariff whiplash,” Henderson said. “You can see the rationale of pause or hold all shipments, because if anything starts arriving in the country and these tariffs are active, a brand might now financially be in a tough spot because they now owe a pile of cash that they’re not prepared to pay.”

Various reports have already indicated that Amazon has already put the kibosh on select orders out of China amid a potential decoupling in U.S.-China relations, while specialty discount retailer Five Below has asked vendors to suspend products exiting the country. It remains unclear if the memo, sent out by its container shipping partner Maersk, went out to all Five Below vendors or a subset.

Maersk’s notice, first reported by Bloomberg, indicated that no containers are to be delivered to shipyards starting Thursday, and all containers that are loaded must be unpacked and returned to the carrier.

China is the largest source for Five Below merchandise, with company stock dropping nearly 10 percent through Friday morning after the report. The stock improved to a drop of 2.5 percent by end-of-day trading.

The collapse in import bookings across the board came as many other companies cancelled, paused or delayed inventory out of Asian countries ahead of President Trump's Wednesday announcement that he would give a 90-day reprieve to the "reciprocal" tariff duties he hit them with the week prior.

With that statement, tariffs for most countries were scaled back to a 10-percent baseline, while duties on Chinese imports were escalated to 125 percent (not counting additional 20-percent punitive fentanyl-related tariffs).

Even as the tariffs have eased up in most sourcing countries like Vietnam and Cambodia, apparel retailers still have to grapple with the added costs.

"What if, for H&M, all of their sourcing costs doubled overnight?" Henderson said. "It would be amazingly impactful to their business at their price point and the type of consumer they target."

According to Henderson, as of Friday, many of his brand customers have still been advised to take a wait-and-see approach, instead of booking. However, he has seen some businesses take the risk if they believe they can handle the worst-case financial scenario.

"If there are meaningful shipments where you determined you could bear the financial burden if need be, then there will be some decisions to ship some of that volume," "Typically the transit time from these most-tariffed origin countries is between three-to-eight weeks. You could get some shipments done in 90 days if you had to. The question though is, is [the tariff delay] really going to be 90 days?"

Other apparel-adjacent categories saw some of the top declines in bookings for the week of March 31, including wool and fabric (HS code 51) with a 57.1 percent drop and feathers and down (HS code 66) declining 54 percent. Textile fabrics (HS code 59) went down 48.9 percent over the seven-day stretch, while fabrics like special wovens, trimmings and laces (HS code 58) dipped 40.5 percent.

Vizion's Ion Platform monitors \$7.5 trillion in goods daily via more than 240 data sources covering 60 percent of container shipments from origin.

The front-loading of goods in the weeks ahead of the tariff announcement likely contributed to the significant drops experienced at the close of March. With retailers bringing so much inventory already in the U.S., there are projections that the second half of 2025 can cargo imports decline as much as 20 percent.

Henderson expects some product shortages to start to hit retailers in the summer months as the shipments into the U.S. cool down.

“There will still be products available but it would not be surprising to see the variety and breadth of products fall off,” Henderson said. “I don’t know if shelves will be empty, like the Covid days, but the variety will take a hit while supply chains have to rejigger themselves. This can sometimes take years.”

Source: sourcingjournal.com– Apr 14, 2025

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Tariff-Driven China-US Air Cargo Rate Spike Likely Temporary

Air cargo in and out of China is seeing a brief spike in rates amid tit-for-tat tariff drama as more U.S. businesses scammed to get product out of the country.

During the week from March 31 to April 6, pricing out of the wider Asia-Pacific region escalated 4 percent from the week prior, according to data from WorldACD. When judging the most recent two weeks versus the prior two weeks, rates kicked up 6 percent.

The average spot rate out of the region escalated 5 percent on a weekly basis, to \$3.94 per kg.

With President Donald Trump's repeatedly swelling tariffs on Chinese imports rising to 145 percent, including a 20-percent fentanyl-related duty, as well as the current 10-percent baseline tariffs on other U.S. trade partners, WorldACD says the impact is expected to be more clearly visible on certain trade flows in its report next week.

The increased rates happened despite a 1 percent decline in weekly demand out of China and Hong Kong to the U.S., the first such drop since the start of 2025.

"Flows from China and Hong Kong to Los Angeles show a more pronounced drop of 5 percent week over week, now at par with the volumes 12 months ago," said WorldACD in its weekly air cargo trends report. "Other countries in the Asia Pacific region also saw a significant decline, especially ex-Japan and ex-Taiwan (both 7 percent week over week)."

Despite the demand drop in the March 31 to April 6 week, freight booking platform Freightos said it saw a "short burst of demand" before April 9, which could mean "some increased volumes" in the lead up to May 3, the date when 25-percent tariffs on global automotive parts take effect.

That date comes a day after the duty-free de minimis provision for all goods out of China officially gets the axe—further driving a stake into the ambitions of e-commerce players like Shein and Temu that flew low-value shipments directly to the U.S. without paying taxes.

The cancellation of de minimis, alongside the imposition of even steeper fees on products that once qualified for the trade exemption, is likely to drive down air cargo demand when the May 2 date passes, according to Judah Levine, head of research at Freightos

“The de minimis exemption has been a big driver of the surge of B2C e-commerce goods going by air from China to the U.S., and its cancellation is expected to lead to a sharp drop in China-to-U.S. air cargo demand and rates,” said Levine in a weekly update Tuesday. “Freightos Air Index data shows that China-U.S. rates—still elevated at about \$5.50 per kg last week—have yet to spike ahead of the May deadline.”

Across all trade lanes, WorldACD says air cargo demand plummeted 7 percent from the week prior, in line with much of this year’s numbers that have indicated that Asia-to-U.S. cargo has largely held up overall global air freight demand.

Rates across all trade lanes as of April 6 are at \$2.52 per kg, having increased 2 percent in the same week. These prices have increased 8 percent from the \$2.33 per kg four weeks prior.

A report from supply chain publication The Loadstar suggests air freight cost increases out of the U.S. into China have been much more drastic ahead of the latter’s tariff escalation to 125 percent duties on American exports.

One Shanghai-based forwarder suggested that prices quickly soared from a typical 50 cents to 80 cents per kg sent from Los Angeles to \$2 per kilogram. From the East Coast to China, this jump was more drastic, going upwards of the \$5 per kg range.

The uncertainty related to the mass tariffs has led shippers to opt into more shorter-term deals than usual around this time of year, according to freight benchmarking platform Xeneta.

Shippers negotiating contracts in the first quarter of 2025 preferred shorter-term agreements of three months or less, representing 79 percent of contracts—an increase of nearly 20 percentage points year-on-year. Meanwhile, freight forwarders continue to place approximately 45 percent of their volumes in the spot market.

“With the growth of rates slowing overall, we’d normally expect to see shippers making longer capacity commitments to achieve more competitive rates, but, right now, this is clearly a gamble few shippers are ready to take—and this is before we’re even seeing tariffs impacting volumes,” said Niall van de Wouw, Xeneta’s chief air freight officer in a blog post April 3.

Source: sourcingjournal.com– Apr 11, 2025

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Chaos at European ports as trade war leaves ships in limbo

Major ports across the UK and mainland Europe are clogging up as ships carrying goods between the US and China are left in limbo due to the trade war between the world's largest two economies.

Donald Trump's decision to impose tariffs of 145 per cent on Chinese imports — and Beijing's retaliatory taxes of 125 per cent — has sparked chaos among shipping operators as end-customers renege on orders.

Hundreds of ships are queuing up to enter ports across Germany, Italy, the Netherlands and the UK, with industry executives now worried that the chaos could be just the start of serious disruption.

US officials will this week unveil plans for a \$1 million fee — up from between \$20,000 and \$50,000 — to be imposed on all Chinese-made vessels docking at American ports.

The fee will be levied on top of Trump's elevated tariffs and will be payable at every port in which a ship docks. Vessels heading to America typically dock at several ports along the coastline, leaving shippers facing a multimillion-dollar bill.

As Chinese vessels make up the majority of the shipping market and are used by western companies too, additional port fees risk forcing global shipping to a near standstill.

Data from the shipping analytics firm MarineTraffic also showed that in the first week of April, 226 ships called at the Belgian port of Antwerp, compared to 34 in the same week a year ago. And 51 ships called at the port of Southampton, up from 12 in the equivalent week.

Marco Forgiione, director-general of the London-based Chartered Institute of Export & International Trade, said goods that normally flowed between the US and China were being rerouted to Europe amid the ever-changing tariff war.

He said such goods could lead to lower prices in Europe but also could harm domestic competitors, which would struggle to compete with cheaper Asian goods.

“Chinese products are looking for new markets [and the] UK and EU would be prime markets for dumping [them in]. In the short term, there’s benefit in that; there’ll be cost reduction for consumers. But in the medium term, you destroy or you undermine your local production capability.”

During the first week in April, 99 ships entered Rotterdam in the Netherlands, a jump from 17 a year before. In Barcelona, there was a similar annual rise in the number of ships docking, from 16 to 96. In Hamburg, 124 ships called in at the port at the start of this month, compared to 11 the year prior.

The figures encompass all vessels, rather than just container ships laden with consumer goods. While multiple factors, including industrial strife and weather, can affect port volumes, shipping executives told The Sunday Times that the tariffs battle is a factor.

“Stuff coming out of Asia is being cancelled left, right and centre, or is being diverted to other places,” said one. Another port source said that one perfume and luxury retailer, which had intended to ship goods from China to the US with a stop-off in Europe, had decided not to complete the journey. Instead, the company plans to keep the goods in storage in Europe and attempt to sell them on to avoid a tariff.

But the spectre of multimillion-dollar charges being levied on Chinese-made vessels is causing more concern.

“That pretty much has every company trapped,” said one shipping executive. “You’re going to have basically two systems. You’re going to have non-Chinese vessels, which will become very expensive to use, to apply a freight rate. And Chinese vessels will suddenly become quite cheap because you can’t get it to the US market.”

It is thought that the world’s biggest shipping companies, as well as oil and gas giants, are lobbying the Trump team to row back on the charges to Chinese ships. The US Trade Representative is set to make recommendations this week on the details of the charges. “Genuinely, people are painting pictures where you’ve just got ship after ship waiting outside the US because of the uncertainty,” the executive added.

Source: thetimes.com– Apr 13, 2025

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Global cotton prices steady despite volatility: Cotton Inc

Global cotton benchmarks remained largely flat or slightly lower over the past month, with NY/ICE futures seeing limited declines after US tariff-related announcements on April 2, 2025, according to Cotton Incorporated.

Old crop contracts briefly dipped to 63–64 cents/lb—matching early March lows—before rebounding to 66–67 cents/lb. December contracts dropped to 66 cents/lb before recovering to 69 cents/lb.

The A Index hovered near 78 cents/lb, showing minor movement between 75–80 cents/lb, Cotton Incorporated said in its Monthly Economic Letter - Cotton Market Fundamentals & Price Outlook, April 2025.

China's CC Index (3128B) declined from 93 to 89 cents/lb, as the yuan weakened slightly to 7.35 RMB/USD.

In India, Shankar-6 prices ranged from 77 to 81 cents/lb, with the INR stable around ₹86 per USD.

Pakistan's cotton eased from 75 to 73 cents/lb, with domestic values falling to 16,800 PKR/maund amid steady forex rates.

Source: fibre2fashion.com– Apr 14, 2025

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Retail footfall drops sharply across UK in March 2025

UK retail footfall declined by 5.4 per cent year-on-year (YoY) in March, a sharp drop from 0.2 per cent in February. High Street footfall fell 4.0 per cent YoY, compared to a 0.1 per cent dip the previous month, as per British Retail Consortium (BRC)-Sensormatic data

Retail parks saw a 1.2 per cent decrease, down from 2.0 per cent, while shopping centres experienced a 5.8 per cent fall, down from 0.1 per cent in February.

Footfall declined across all regions in March: 4.9 per cent in England, 6.6 per cent in Scotland, 8.3 per cent in Wales, and the sharpest drop of 9.0 per cent in Northern Ireland, according to the BRC-Sensormatic data.

“With Easter falling in April this year, footfall in March could not compare to last year when families were already enjoying their Easter holidays. Despite this, footfall in Retail Parks held up better than other locations as the expanding offer of hospitality and leisure outlets alongside retail, together with free parking, attracted more shoppers. Similarly, London saw only a minor dip in footfall compared to other parts of the country,” said Helen Dickinson, chief executive of the BRC.

“Global uncertainties resulting from tariffs and a potential economic slowdown could reduce the appetite for shopping trips in the coming months. The government must find ways to boost consumer confidence and ensure retailers can invest in jobs and stores. The upcoming business rates reform, aimed at supporting high streets could make the situation worse for thousands of retail stores caught by the proposed new, higher threshold. This is why it is vital that no store pays more because of these reforms,” added Dickinson.

“After a bumpy few months, March made for disappointing footfall as shopper and business confidence remains subdued, not helped by ongoing economic uncertainty and pre-Spring Statement jitters. With Easter this year landing in April, some of the downturn in store visits in March could have been from consumers withholding Easter spend. Retailers will now be hoping that strong Easter trading can help balance out a slow start to Spring,” said Andy Sumpter, retail consultant EMEA for Sensormatic.

“It is worth noting, however, that there were some brighter moments for shopper counts in March—although, sadly, not enough of them to have had a material impact on the overall figures. Mother’s Day delivered a standout performance, driving a 13.4 per cent uplift in High Street footfall compared to last year,” added Sumpter.

Source: fibre2fashion.com– Apr 15, 2025

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UK's clothing imports up 13.25% to \$1.69 bn in Feb 2025

The UK's clothing imports rose by 13.25 per cent to £1.290 billion (~\$1.697 billion) in February 2025, compared to £1.139 billion in February 2024. However, imports eased by 5.56 per cent in the latest reported month, down from £1.366 billion in January 2025. Imports of textile fabric also inched up, while fibre imports remained steady, according to the UK's Office for National Statistics (ONS).

In February 2025, textile fabric imports increased by 7.1 per cent to £453 million, up from £423 million in February 2024. Fibre imports held steady at £28 million, the same as in February 2024. In January 2025, textile fabric imports were recorded at £441 million and fibre imports at £30 million.

In the fourth quarter of 2024, the UK's clothing imports amounted to £4.064 billion (~\$5.116 billion), marking a 9.30 per cent increase from £3.718 billion in the fourth quarter of 2023. Imports also surpassed the £3.772 billion recorded in the third quarter of 2024. Fabric imports during this period were valued at £1.363 billion, while textile fibre imports reached £100 million in October–December 2024. In the same quarter of 2023, fabric imports were £1.344 billion, and fibre imports stood at £92 million. During the third quarter of 2024, the UK imported fabric worth £1.330 billion and fibre worth £86 million.

The UK's clothing imports declined by 7.06 per cent to £14.612 billion (~\$18.394 billion) in 2024 compared to the previous year. Imports of textile fabric fell by 4.35 per cent to £5.341 billion, while fibre imports slowed to £378 million during the same period.

In 2023, the UK's clothing imports totalled £15.702 billion (~\$20.33 billion), representing a sharp decline of 25.94 per cent from £21.203 billion in 2022. Fabric imports dropped to £5.547 billion from £6.357 billion the previous year, while fibre imports declined to £413 million from £562 million. For reference, in 2021, the UK imported £17.034 billion in clothing, £5.996 billion in fabric, and £458 million in fibre.

Source: fibre2fashion.com– Apr 15, 2025

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More Vietnamese firms turn to e-com to directly reach global buyers

A rising number of Vietnamese manufacturers are turning to e-commerce to directly reach global buyers with proactive backing from the government to develop the digital economy.

The number of Vietnamese enterprises engaged in online exports has climbed sharply in recent years.

Shopee International Platform (SIP) now has nearly 400,000 Vietnamese sellers and offers over 15 million products to consumers in Malaysia, Singapore, the Philippines, Thailand and Taiwan, a domestic news agency reported.

According to Access Partnership, Vietnam's online exports hit \$3.5 billion in 2022—up by 7 per cent year on year. If current efforts by small and micro enterprises continue, the figure could reach \$5.5 billion by 2027, or potentially \$13 billion with more coordinated, robust engagement from stakeholders.

However, about three-fifths of Vietnamese businesses use e-commerce platforms now, while the rest rely on self-built websites or apps, and this poses a challenge. Just 37 per cent report that e-commerce contributes 10-20 per cent of their total export value.

Other difficulties include operational bandwidth, limited knowledge of e-commerce workflows and managing customer service across time zones.

Source: fibre2fashion.com – Apr 15, 2025

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Global retail brand value hits \$1.3 trn, driven by e-com surge: Report

Retail brands worldwide are witnessing strong growth, especially in e-commerce, as per Brand Finance. In 2025, the combined brand value of the top 100 most valuable retail brands increased by 9 per cent to \$1.3 trillion. US brands dominate the ranking, with 36 of them accounting for 68 per cent of the total value, equating to \$856.1 billion.

Global e-commerce hub Amazon remains the world's most valuable retail brand for the tenth consecutive year. In 2025, its brand value grew 15 per cent to \$356.4 billion, making it the fourth most valuable brand in the world, according to Brand Finance's Global 500 ranking.

American retail powerhouse Walmart is the fastest-growing brand in the top 10, surging 42 per cent to \$137.2 billion. The brand faces reputational challenges, however, including a class action lawsuit over deceptive pricing, which could impact long-term consumer trust.

Australia's Kmart is the fastest-growing brand in the sector globally, with a 79 per cent increase in brand value to \$2.2 billion. Exceptional performance in consumer brand strength metrics—scoring perfect 10s for being perceived as a 'preferred brand', 'brand I love', 'reputation', and 'brand I know well'—has also contributed to its high Brand Strength Index (BSI) score of 88.9 out of 100, said the report titled 'Retail 100 2025' by Brand Finance.

The global e-commerce market is estimated to reach \$6.8 trillion in 2025, with projections rising to nearly \$8 trillion by 2027. China's JD.com, the highest-ranked retail brand outside the US, saw its brand value increase by 5 per cent to \$18.8 billion, while Meituan's brand value rose 37 per cent to \$11.7 billion.

Korea's Coupang saw an increase of 11 per cent in its brand value to reach \$8.0 billion, and Argentina's MercadoLibre brand value was up by 3 per cent to \$4.7 billion. These all-recorded increases in brand value, underscoring the rapid growth of digital commerce, added the report.

“From bookshops to electronics stores, Amazon has changed the game making it harder for traditional bricks and mortar specialists to survive, unless they significantly adapt and leverage their potential advantage in

customer experience,” said Annie Brown, valuation director, Brand Finance. “With Sycamore Partners set to acquire Walgreens Boots Alliance, announced in March 2025, we are excited to see how Walgreens and Boots will evolve their brands and customer experience offers as a result of its private equity injection.”

Source: fibre2fashion.com– Apr 15, 2025

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Redirection of Chinese goods to EU may hit Vietnam: Top trade envoy

The European Union (EU) is worried that reciprocal US tariffs may lead to Chinese goods destined earlier for the United States getting redirected to the European market, according to Nguyen Thi Hoang Thuy, head of the Vietnam Trade Office in Sweden, who is also in charge of the Nordic market.

The EU is closely monitoring several product categories from China, and its officials have indicated that a side effect of the high US tariffs is a surplus of Chinese production, Thuy said.

As countries unable to export to the United States

There is also a risk of Chinese goods ‘masking their origin’ via Vietnam, and that risk is now more tangible than ever, she noted.

"If it happens, the reputation of 'Made in Vietnam' goods will suffer severe damage. Moreover, the EU may respond by intensifying inspections, tightening preferential conditions or even imposing punitive tariffs on Vietnamese products," she was quoted as saying by a domestic news outlet.

The EU had faced a similar situation in the steel industry in 2017, when the United States closed its market to Chinese steel, resulting in a surge of such products into the EU. The EU had then applied safeguard measures permitted by the World Trade Organisation.

Source: fibre2fashion.com – Apr 14, 2025

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China on mission to help exporters tap huge domestic market

Several Chinese government departments, trade associations and enterprises have started taking action to help export-oriented businesses tap into the country's vast domestic market in light of the imposition of reciprocal tariffs by the United States.

Many of them rolled out targeted support initiatives over the weekend. The Commerce Ministry will integrate domestic and foreign trade, and continue organising the 'Premium Export Products in China' campaign to build platforms that support export-oriented enterprises in exploring the domestic market.

More efforts will be made to assist these enterprises in areas like market access, channel development, fiscal and financial support and service guarantees, ministry spokesperson He Yongqian told a press conference last week. The China Chain-Store & Franchise Association and seven other industry associations jointly announced an initiative to promote better integration of domestic and foreign trade.

The China General Chamber of Commerce, along with six other national trade associations, issued a joint proposal urging grocery chains, department stores, e-commerce platforms and wholesale markets to establish 'green channels' for exporters. These would include dedicated retail zones and promotional events to showcase export-quality goods.

E-commerce firm JD.com announced it will purchase 200 billion yuan (\$27.34 billion) worth of export-to-domestic goods over the next year to help foreign trade firms, Chinese media outlets reported. JD.com will also provide intensive training, increase subsidies, and offer various resources to support foreign trade enterprises settling on its platform, helping them quickly expand into the domestic market

East Buy Holding has launched a special initiative to fast-track services for export-oriented businesses. Tech giant Baidu, Alibaba's supermarket chain Hema Fresh and Yonghui Superstores Co have also joined such efforts.

Source: fibre2fashion.com– Apr 14, 2025

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Cambodia's apparel exports up 18% to \$2.4 bn in Jan-Mar 2025

Cambodia's apparel exports increased by 18.69 per cent to \$2.432 billion during the first quarter of 2025. Apparel exports accounted for 35.4 per cent of the country's total foreign income, which reached \$6.875 billion, according to the General Department of Customs and Excise (GDCE) under the Ministry of Economy and Finance.

During this period, Cambodia's exports of knitted apparel and clothing accessories (Chapter 61) totalled \$1,463.159 million, marking a 16.5 per cent increase from \$1,255.941 million in January–March 2024. Similarly, exports of non-knitted apparel and clothing accessories (Chapter 62) rose by 22.0 per cent to \$969.527 million, up from \$794.381 million in the first quarter of 2024.

In March 2025, Cambodia's exports of knitted apparel and clothing accessories (Chapter 61) amounted to \$424.540 million, a 2.7 per cent increase from \$413.530 million in March 2024. Likewise, exports of non-knitted apparel and clothing accessories (Chapter 62) rose by 4.4 per cent to \$278.718 million, up from \$267.081 million in March 2024.

As for imports, Cambodia's intake of knitted or crocheted fabrics (Chapter 60) reached \$752.174 million in January–March 2025, an increase of 24.9 per cent from \$602.382 million in the same period of 2024. Imports of man-made fibres (Chapter 55) rose by 13.3 per cent to \$352.238 million, compared to \$310.783 million in the previous year. Imports of cotton and cotton yarn (Chapter 52) also grew by 16.8 per cent to \$195.070 million, up from \$167.042 million in January–March 2024.

However, Cambodia's strong performance in the textile and garment trade weakened in the latest month. Uncertainty regarding global trade likely dented export growth in garments and textiles from the country. Export performance declined further in March following slower growth in February this year.

In 2024, the country's apparel exports surged by 24.44 per cent to \$9.791 billion, comprising \$6.638 billion from knitted apparel and \$3.153 billion from non-knitted apparel. That same year, Cambodia imported knitted or crocheted fabrics worth \$3.081 billion, man-made fibres worth \$1.349 billion, and cotton and cotton yarn worth \$766.003 million.

In 2023, Cambodia's apparel exports declined by 12.91 per cent to \$7.87 billion, contrasting with a 12.69 per cent increase in 2022, when total exports reached \$9.04 billion.

Source: fibre2fashion.com– Apr 10, 2025

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Vietnam earns \$102.8 bn in export revenue in Q1 2025; 10.6% YoY rise

Vietnam earned \$102.8 billion in export revenue in the first quarter (Q1) this year—a rise of 10.6 per cent year on year (YoY), while imports increased by 17 per cent YoY to \$ 99.68 billion.

According to the ministry of industry and trade, total trade turnover in Q1 2025 reached an estimated \$202.5 billion—up by 13.7 per cent YoY, signalling rising demand for production inputs. The trade surplus stood at \$3.15 billion.

Deputy minister of industry and trade Truong Thanh Hoai urged exporters to shift to online platforms, expand into new markets and fully leverage the country's 17 free trade agreements (FTAs).

Exporters are being encouraged to explore emerging markets like the Middle East, Africa and Northeast Asia to reduce over-reliance on the United States. The ministry also plans to strengthen trade promotion and improve compliance with international standards, a domestic news agency reported.

Industry leaders are adjusting strategies to mitigate risks by diversifying export destinations and balancing market shares.

Source: fibre2fashion.com— Apr 11, 2025

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Bangladesh Bank again asks banks to clear overdue LC payments

The Bangladesh Bank instructed banks to further clear overdue letters of credit (LC) payments, as this type of non-payment tarnishes the image of the country's banking system, increases the cost of foreign trade, and disrupts the trade environment.

After issuing similar directives a couple of times over the past five months, the central bank reiterated the order to all banks in a circular issued yesterday.

Overdue LC payments, which were hovering above \$445 million in November last year, came down to \$242 million as of January 31, according to central bank data.

"If the bill against imports is not paid in a timely manner, it tarnishes the image of the country's banking system, increases the cost of foreign trade, and disrupts a favourable trade environment," the central bank said.

As such, banks have been ordered to take several measures to ensure prompt payment of overdue bills.

One of the measures is to draft a comprehensive action plan for overdue accepted bills (foreign or local) after detailed review and analysis, considering factors such as litigation status and realisation clause.

Additionally, performance evaluations must be conducted on a branch-wise basis, where applicable, and special monitoring measures should be introduced in branches with a high volume of overdue unpaid accepted bills (foreign or local).

If any bill under litigation is not payable, the supplier's bank must be informed accordingly, the central bank said.

When submitting the monthly report on overdue accepted bills, the information must be verified through the Online Import Monitoring System before submission.

All submitted bills, discrepancies (if any), and payment information at the authorised dealer branch must be preserved and sent to the relevant department at the head office on a monthly basis.

This directive will be effective immediately, the BB added.

Source: thedailystar.net– Apr 14, 2025

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BGMEA President Urges India to Reinstate Key Export Lifeline

The president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is calling on India to reinstate transshipment services for goods leaving the south Asian country.

In an interview with Indian news outlet Asian News International (ANI), BGMEA head Faruque Hassan said that the cancellation of the transshipment services would increase freight costs and lead times for exports out of Bangladesh.

Last Tuesday, India revoked Bangladesh's access to a transshipment service that had enabled the country to export goods via its land borders using India's customs stations. Goods flowing through these stations often are sent to Indian ports and airports, where they are shipped out via air or ocean to third-party countries.

"This is going to impact shipments destined for the U.S., Germany, the U.K. and other areas in the Western world where we are shipping the goods," Hassan said. "We have fewer facilities of shipping goods directly, so therefore, we have to ship via different countries."

According to Hassan, Bangladesh doesn't ship a high quantity of goods through India. But he feels this takes away optionality Bangladeshi apparel exporters may have.

"For global businesses, you must have more options," Hassan said. "It will reduce our competitiveness."

Hassan said just 5 percent of exports leave via air, but customers and freight forwarders will sometimes opt to fly those goods out of India instead because it consumes less time than flying them out of Bangladesh.

"We don't have many cargo flights from Bangladesh," Hassan noted, indicating that the Bangladeshi government should immediately incentivize more airlines to the country's three international airports in Dhaka, Chattogram and Sylhet.

Dhaka is currently expecting a third terminal to be completed by mid-2025. That terminal buildout will more than double the airport's wider

cargo-handling capacity from 200,000 metric tons to 500,000 metric tons annually.

“If we open this third terminal and increase facilities in Chattogram and Sylhet, I’m sure we will overcome this problem,” said Hassan. Dhaka is the only major air export zone out of Bangladesh, with the Chattogram seaport carrying the load for oceangoing exports.

Hassan said in the Friday interview that he plans on formally requesting the Indian government to withdraw the transshipment decision.

India made the decision as its own exporters urged the government to end the service, noting that it had resulted in significant congestion at the ports and airports. The country’s foreign affairs ministry Randhir Jaiswal said at the time that the backlogs led to more logistical delays and higher costs.

Hassan’s plea comes as he says the dominant apparel and garment manufacturing industry is already enduring a challenging year, largely in part to the tariffs imposed by U.S. President Donald Trump. Trump initially slapped a 37-percent tariff on all imports from Bangladesh, but ended up suspending all country-specific duties for 90 days to make room for negotiations with the U.S.

But neither Bangladesh nor any other country appears to be getting out of the tariffs unscathed without cutting some form of a deal. For the duration of the delay, goods out of Bangladesh will still have a 10-percent tariff attached, which isn’t a small number for a low-margin, high-volume export like apparel.

“The landed price of apparel and garments in the U.S. is going to increase, which is going to increase inflation as well,” Hassan told ANI. “Bangladesh manufacturers are already under pressure for this global scenario.”

The ready-made garment (RMG) industry is Bangladesh’s backbone in many respects. According to the Bangladesh Export Promotion Bureau, apparel represents 81 percent of the country’s total exports.

Hassan highlighted the relationship between Bangladesh’s chief interim government adviser Muhammad Yunus and Indian Prime Minister Narendra Modi as an important building block for the countries going forward, especially as they exchange dialogue regarding trade.

“We import a huge quantity of our fabric, dyes, chemicals, machinery and yarn, so we are a big importer from India,” said Hassan. “India should acknowledge that we have a good relationship with them. We can work together. Our diplomatic side should work with India and make some resolution to this challenge.”

India first opened the transshipment service for Bangladesh in June 2020, giving the country another outlet to export goods when the Covid-19 pandemic ravaged the country’s RMG industry. The service enabled Bangladeshi apparel manufacturers to develop smoother trade flows when exporting goods to countries like Bhutan, Nepal and Myanmar.

Source: sourcingjournal.com– Apr 14, 2025

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Pakistan: Dominating the textile trade

Trump's tariffs remind me of the pencil example Milton Friedman used as a metaphor to illustrate the power of the free market and the spontaneous cooperation it enables. No single person knows how to make a pencil, yet it's produced through the efforts of countless individuals across various countries.

Pakistan is at a pivotal moment in global trade. As the Trump administration's new tariff policies take hold in 2025, the global economic landscape is shifting dramatically. While the United States has imposed a 29% tariff on Pakistani exports, consisting of a 10% baseline and a 19% retaliatory component, the challenges for Pakistan's textile industry, which accounts for 60% of its \$32 billion in exports, also bring unexpected opportunities.

China, long the dominant force in textile exports, now faces a crushing 104% US tariff. In response, China has announced an 84% levy on US goods starting Thursday. These tit-for-tat tariffs are effectively eliminating China's presence in the American market.

Meanwhile, other competitors like Vietnam, Bangladesh, and India are burdened with tariffs of 46%, 37%, and 26% respectively. In contrast, Canada, Mexico, and Australia face relatively modest duties between 10% and 25%.

In this shifting environment, Pakistan has the potential to capture significant market share, but only if it adopts a smart, strategic approach: reduce energy tariff base, lower policy rates, and introduce a new term "Trade Finance" for subsidised rates on raw materials and semi-finished goods, replacing the current "Export Finance Scheme (EFS)" to lower overall costs.

This situation demands the application of game theory – the science of strategic interaction. By using principles like Nash equilibrium, tit-for-tat retaliation, and payoff maximisation, Pakistan can design a tariff policy that protects its industries while expanding its global footprint.

Understanding new trade landscape

The US tariffs effective from April 9, 2025 introduce a base 10% duty on all imports, with surcharges targeting countries deemed unfair in trade practices. China's 104% tariff has shut it out of the American textiles market, while Pakistan's 29% is lighter compared to Vietnam's 46%, Cambodia's 49%, and Sri Lanka's 44%. India remains a formidable rival at 26%, but manageable with the right strategy.

Historically, Pakistan's tariffs on US goods averaged 10-15%, although US negotiators cited higher rates. Despite these hurdles, Pakistan retains a cost advantage: labour at \$0.50– \$0.70 per hour, energy at \$0.08– \$0.10 per kWh, and access to both domestic and imported cotton. These fundamentals position Pakistan to outmanoeuvre competitors; if it plays its cards right.

Using game theory to structure strategy

Game theory emphasises anticipating competitors' responses. The goal is to reach a Nash equilibrium, where no player benefits from changing their strategy unilaterally.

In the Prisoner's Dilemma model, if all players raise tariffs, everyone loses. But a tit-for-tat strategy, where Pakistan mirrors others' actions proportionally, can discourage aggression and foster cooperation. Rather than blanket retaliation, Pakistan should adopt a nuanced approach that balances firmness with flexibility.

Key players shaping Pakistan's textile future are clear. The US imports \$5.1 billion worth of Pakistani goods while exporting \$2.1 billion, mainly commodities like cotton and soybean milk powder. China, though hobbled by US tariffs, remains vital for machinery and intermediate goods.

India, with higher labour costs and a 26% US tariff, is a direct competitor. Vietnam and Bangladesh are similarly positioned. The EU, facing a 20% US tariff but offering GSP+ benefits to Pakistan, remains a vital export destination. Canada, Mexico, Australia, and Singapore face lighter tariffs and offer partnership potential rather than rivalry.

Why a balanced approach is necessary

Pakistan faces two flawed extremes: full retaliation, which risks shrinking export markets, or open-door policies, which may flood the domestic market without reciprocal benefits. The optimal path is a calibrated

middle ground – a differentiated tariff policy that responds proportionally while preserving critical supply chains and partnerships.

For the US, Pakistan should impose a 19% tariff, mirroring only the retaliatory portion. This signals fairness and restraint while maintaining access to essential cotton imports and room for negotiation.

With China, Pakistan should keep tariffs low at around 10%. As China's access to the US shrinks, it becomes more critical to Pakistan's supply chain. Lenient terms will ensure stability and strengthen trade ties.

India should face a 26% tariff, matching the US rate. This prevents India from diverting exports into alternative markets like Europe or the Middle East, where Pakistan seeks to grow. Vietnam and Bangladesh should face a 20% tariff, protecting Pakistan's position without fully closing off beneficial imports like yarn and intermediate textiles.

The EU, under the GSP+ regime, should face only a 5% tariff. Encouraging trade while enjoying preferential access can help Pakistan double its European exports.

Canada and Mexico, with moderate US tariffs, are not major threats. A 10% tariff would preserve neutrality and good relations. Australia and Singapore, posing minimal threat, should face zero tariffs. This would attract foreign investment and position Pakistan as a competitive manufacturing base.

The roadmap for execution

Pakistan's policymakers, especially the SIFC, must implement this methodically. First, US negotiations should link the 19% tariff to increased cotton imports for textile production. Second, financial support should be extended to small and medium exporters to offset the initial impact of the US tariff. Third, Pakistan must modernise its textile production through investments in spinning, weaving, dyeing, and robotics-based RMG manufacturing, powered by solar energy, under a national initiative like "Uraan Pakistan."

Fourth, a global marketing campaign should rebrand Pakistan; not just as a textile hub but also as the home of halal cuisine, products, and services. Government support for exporters to gain FDA certification, especially in pharmaceuticals, is also crucial. Lastly, a real-time intelligence system

should be developed to monitor global tariff changes and allow for adaptive policies.

If implemented effectively, this strategy could allow Pakistan to capture 10-12% of the US textiles market vacated by China, translating into an additional \$4-5 billion in exports annually. Meanwhile, expanding GSP+ benefits with Europe could raise exports from \$8 billion to \$12-15 billion. Overall, this would yield \$6-8 billion in new revenues and create one to two million new jobs in the textile and related sectors.

Retaliation by the US or India must be anticipated and neutralised through diplomacy and diversification into ASEAN and African markets. Domestic industries vulnerable to import surges should be protected with quotas or safeguards. Any unexpected global demand contraction should trigger a pivot to regional markets.

Conclusion: strategy wins the day

The 29% US tariff is not a defeat; it's a call to strategy. With China sidelined, Pakistan can use smart, differentiated, game-theory-based policies to claim a larger share of global textiles. A balanced mix of retaliation and cooperation can secure Pakistan's rise in global trade. The moment to act, with both courage and intelligence, is now.

Source: tribune.com.pk– Apr 14, 2025

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Pakistan: Trump tariffs could pose '\$1.4bn risk to Pakistan exports'

ISLAMABAD: The increase in trade tariffs on Pakistani products announced by US President Donald Trump — later suspended temporarily — could have a devastating impact on Pakistan's important exports and serves as a wake-up call for diversification, according to a state-owned think tank.

“A storm may be brewing on Pakistan's trade horizon,” said the Pakistan Institute of Development Economics (Pide), adding that the “proposed reciprocal tariffs by the United States could have a devastating impact on the country's export sector”.

In a stark policy note, the institute cautioned that these tariffs could lead to macroeconomic instability, significant job losses and a critical reduction in foreign exchange earnings.

The study, titled ‘Impact of Unilateral Tariff Increase by United States on Pakistani Exports’ and conducted by Dr Muhammad Zeshan, Dr Shujaat Farooq and Dr Usman Qadir, analysed the consequences of a proposed 29 per cent reciprocal tariffs on Pakistani exports to the United States.

When added to the existing 8.6pc Most Favoured Nation (MFN) tariff, the total duty could reach 37.6pc, the policy note said. The result would likely be a 20-25pc decline in exports to the US, translating into an annual loss of \$1.1-1.4 billion, with the textile sector bearing the brunt of the blow.

In the fiscal year 2024, Pakistan exported \$5.3bn worth of goods to the United States, making it the country's largest single-country export market. A significant portion of these exports were textiles and apparel, which already face tariffs as high as 17pc. If the proposed tariffs are implemented, Pakistan's price competitiveness would be severely eroded, possibly allowing regional competitors like India and Bangladesh to capture the market share.

The economic consequences would extend beyond textiles, the Pide analysis warned. Major exporters such as Nishat Mills and Interloop may be forced to reduce production, threatening more than 500,000 jobs. Non-textile exports — including leather, rice, surgical instruments and sports goods — also face increased vulnerability.

Despite the risks, Pide viewed the crisis as an opportunity for strategic transformation. The policy note encourages Pakistan to take swift and thoughtful action in response. In the short term, Pide recommended that Pakistan engage in high-level diplomatic efforts to highlight the mutual costs of the tariffs and preserve long-standing trade relations. For example, the United States exported \$181 million worth of cotton to Pakistan in 2024, a trade stream that is now at risk. Pakistan might also consider reducing tariffs on select US imports — such as machinery, scrap metal and petroleum — to create room for negotiation. Additionally, Paki-s-tani firms could be encouraged to use more US-origin inputs like cotton and yarn to help maintain value chains and seek tariff exemptions.

For the long term, Pide emphasised the need to diversify both export products and markets. Emerging destinations such as the European Union, China, Asean nations, Africa and the Middle East offer growth potential in sectors like IT, halal food, processed foods and sports goods. The report also called for measures to reduce energy and logistics costs, streamline regulations and promote innovation and technology adoption. Furthermore, a comprehensive US trade strategy is necessary — one that focuses on building synergies in technology, agriculture, energy and value-added manufacturing.

On the international front, Pide noted that the proposed US tariffs exceed the World Trade Organisation’s (WTO) bound tariff ceiling of 3.4pc, potentially violating multilateral trade rules. While legal recourse through the WTO remains an option, Pakistan’s limited fiscal resources may hinder such efforts, it said. More importantly, the tariffs ignore the interconnected nature of global trade. The US-Pakistan textile loop is a prime example — American cotton supplies Pakistani mills, which in turn export finished garments to the US. Disrupting this value chain benefits neither country. “The road ahead is challenging, but it also presents a chance for Pakistan to recalibrate and strengthen its export framework,” the report noted.

With timely diplomacy, strategic policy reforms and bold diversification efforts, Pakistan can not only withstand this external shock but also emerge as a more competitive and resilient player in the global economy, it concluded.

Source: dawn.com– Apr 14, 2025

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Goyal likely to visit Europe this month to boost trade, investment ties

Commerce and Industry Minister Piyush Goyal is likely to visit two European countries later this month with an aim to further boost trade and investment ties, an official has said.

The minister is expected to lead a business delegation to these countries, the official said.

The visit assumes significance as India signed a comprehensive free trade agreement with the four European nation bloc EFTA in March last year. It is expected to be implemented this year.

The European Free Trade Association (EFTA) members are Iceland, Liechtenstein, Norway, and Switzerland.

The two sides signed the Trade and Economic Partnership Agreement (TEPA) on March 10, 2024.

Under the pact, India has received an investment commitment of USD 100 billion in 15 years from the grouping while allowing several products such as Swiss watches, chocolates and cut and polished diamonds at lower or zero duties.

India has set up a dedicated platform EFTA desk to promote trade, investment, and business facilitation between the two regions.

On the other hand, talks are also progressing at a faster pace for a trade agreement with the 27-nation bloc European Union (EU) and the United Kingdom.

Source: [business-standard.com](https://www.business-standard.com)– Apr 14, 2025

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Moody's Analytics cuts India's 2025 GDP growth forecast to 6.1%

Moody's Analytics recently revised downward its gross domestic product (GDP) forecast for India for 2025 by 30 basis points (bps) to 6.1 per cent.

A 26-per cent US tariff hovering over imports from India will heavily impede the trade balance, the division of Moody's Ratings said.

Acknowledging the 90-day freeze on most tariffs and the 10 per cent blanket in their place, Moody's Analytics said that its April baseline represents the economic toll should the tariffs eventually go ahead in full.

Moody's Analytics expects the overall growth of the country to be relatively insulated from the shock as external demand makes up a relatively small portion of GDP.

Keeping in view the ease in headline inflation, Moody's Analytics expects the Reserve Bank of India (RBI) to lower interest rates, most likely in the form of 25 bps cuts that take the policy rate to 5.75 per cent by the end of 2025.

"This, paired with tax incentives announced earlier this year, should help boost the domestic economy and dampen the shock of the tariffs on overall growth relative to other vulnerable economies," it stated.

However, uncertainty is palpable, with tumbling and volatile equity markets headlining financial market turbulence, it added.

Source: fibre2fashion.com – Apr 13, 2025

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India-US talks this week to shortlist areas for first tranche of bilateral trade pact

India is thrashing out an interim deal with the US on its reciprocal tariffs in the 90-day pause period announced by US President Donald Trump, while simultaneously commencing negotiations virtually this week to shortlist sectors and areas for a full-fledged India-US bilateral trade agreement (BTA). The parleys that begin this week to cover sectors and issues are expected to result in the first tranche of the BTA by September, this year.

“The US wants the BTA to include areas such as government procurement, IPR, digital trade, data localisation, and quality control. India, too, has its priorities such as liberal work visas and a social security agreement. Officials will now identify what is realistic and can be achieved by Fall 2025, the deadline set by Trump and PM Narendra Modi for the first tranche of the pact,” a source tracking the matter told businessline.

The two sides hope to have clarity on the coverage within six weeks, possibly by May 31, the source added.

India has not taken on serious commitments so far in its free trade pacts in many areas that interest the US, particularly government procurement, IPR and data localisation, as it has been reluctant to give up its sovereign right to take decisions in these crucial sectors.

On April 2, Trump announced reciprocal tariffs on US trade partners to punish them for their high tariffs. Analysts say that the reciprocal tariffs, fixed at 26 per cent for India and at higher levels for many other Asian countries such as Vietnam, Malaysia, Thailand and Cambodia, are also linked to the trade deficits that the US has with each.

On April 9, Trump announced a 90-day pause in tariffs as he said that about 75 countries were interested in doing a tariff deal with the US. Tariffs on China, fixed at 125 per cent, however, continued. Also, all countries, including India, continued to face an additional 10 per cent baseline tariff.

“India and the US are already engaged in BTA talks. It is not the same as negotiations on reciprocal tariffs. These two issues are parallel. At some point in time, they might get linked,” the source explained.

As part of a deal on reciprocal tariffs, the Trump regime is looking at steep tariff cuts in India for items such as automobiles, motorbikes, alcohol and certain agricultural items including fruits and nuts.

A deal on reciprocal tariffs is also important for India as its competitors, such as Vietnam and Indonesia, too, are also urgently trying to reach a pact with the US. The US is India's largest export destination with exports in FY24 at \$77.51 billion and imports at \$42.19 billion.

On the negotiations for the BTA, which is expected to more than double bilateral trade to \$500 billion by 2030, the source said the sectors and areas would be finalised at an appropriate time. "I think within May 31, we will have clarity on that. We will know what can be realistically achieved with the timeline of Fall 2025. What can't be achieved in the first tranche, we will take up later," the source said.

Source: thehindubusinessline.com– Apr 14, 2025

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Opportunity in every parcel: India's e-commerce export window widens after U.S. tariff shift

In a sweeping policy shift with global implications, the United States has ended duty-free treatment for low-value imports from China and Hong Kong, disrupting billions of dollars in cross-border trade. The decision, enacted through an Executive Order on 2nd April 2025, removes the de minimis exemption that previously allowed packages under USD 800 to enter the U.S. market without duties. Over 1.4 billion such packages, valued at USD 64.6 billion, arrived in the U.S. in 2024 alone—nearly 60% of them from China.

India, notably, is not included in the withdrawal. The de minimis benefit remains intact for Indian exporters, amounting to a rare unilateral tariff concession in today's tightly negotiated trade environment. For Indian businesses—especially MSMEs and artisan-led enterprises—this presents a significant cost advantage over Chinese sellers in the world's largest consumer economy.

Until now, shipments valued under USD 800 could enter the U.S. without customs duties under the de minimis rule. These duty-free shipments, often arriving via postal and courier routes, allowed Chinese sellers to undercut competition in price-sensitive categories. That window of advantage has now closed.

With this new U.S. directive, Chinese and Hong Kong e-commerce exporters will no longer benefit from the de minimis exemption. For postal shipments, a new duty of 30% ad valorem or \$25 per item (whichever is higher) will apply from May 2, 2025, which will further increase to \$50 per item from June 1, 2025. For non-postal shipments—such as those sent via courier and express parcels—standard U.S. Most Favoured Nation (MFN) import duties will apply, typically ranging from 2.5% to 32% depending on the product category. In addition, applicable goods may be subject to supplementary Section 301 tariffs in certain cases.

In contrast, India B2C e-commerce continues to enjoy duty-free access under the de minimis provision, that positions Indian e-commerce exporters at a significant cost advantage in the world's largest consumer market. This shift comes at a time when India's own digital trade ecosystem is showing robust growth. According to recent data, India ranks as the 4th largest domestic e-commerce market globally, with USD 120.8

billion in revenue in 2024 and a growth rate of 20.3%, one of the highest among major economies. Up to 70% of Indian SMEs are now actively leveraging e-commerce platforms, laying a strong foundation for growth in export performance. The global e-commerce market itself is expected to grow by 10.4% in 2025, outpacing the global economy (3.2%) and the global retail sector (4.2%).

India's strengths lie not only in its digital readiness but also in its product diversity and cultural craftsmanship. In segments such as fashion and apparel, gems and jewellery, home and living, organic wellness and beauty, and handcrafted lifestyle products, India holds a distinct edge. Regions like Jaipur and Surat are already transforming into digital hubs for

traditional exports—from semi-precious stones to beaded gowns and embroidered fabrics to artisanal décor and heritage textiles.

These are not just entrepreneurial stories; they are proof of e-commerce's power to democratise trade. By reducing barriers and middlemen, e-commerce enables even first-time exporters to reach global buyers at minimal cost. This has immense potential for employment, women-led businesses, and revival of traditional skills.

Despite this momentum, certain challenges remain. Chief among them is the procedural complexity around the Export Data Processing and Monitoring System (EDPMS). Under this system, all export payments received must be matched against shipping bills to confirm payment realisation. While this is sound in principle, it creates significant hurdles for low-value, high-frequency shipments typical of e-commerce exports.

Exporters often face delays in bank reconciliation, especially when dealing with platform-based payments or returns. In many cases, banks are hesitant to allow write-offs for returned or rejected goods, as well as expenses such as e-commerce platform charges, overseas warehousing fees, payment gateway deductions, and other transactional costs. This leads to the accumulation of 'unsettled' transactions. This not only affects the credit rating of exporters but can also hinder future exports if not cleared promptly.

These frictions, if left unresolved, could limit the segment that the government seeks to promote. A more agile, e-commerce-friendly framework for compliance—perhaps through self-declaration models or

quarterly reconciliation windows—is the need of the hour. Additionally, tailored financial products like export credit for inventory, insurance for e-commerce exports, and fintech-driven forex platforms could go a long way in supporting first-time exporters.

With the U.S. closing its doors to duty-free Chinese shipments, and India still benefiting from de minimis access, could tip the balance in favour of Indian e-commerce exporters. For Indian exporters—especially those in Tier 2 and 3 cities—the moment is ripe to expand their presence and build long-term customer bases abroad.

However, the window may not remain open forever. Competing nations in Southeast Asia are already reforming their e-commerce export frameworks. India must act quickly, decisively, and collaboratively—with government, industry, and logistics players moving in tandem. The global marketplace is ready. The world is clicking. India must now deliver.

Source: economictimes.com— Apr 14, 2025

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US tariffs on Chinese e-commerce exports could benefit Indian online sellers: GTRI

The US decision to impose 120 per cent import duty on Chinese e-commerce shipments valued under \$800, ending their duty-free entry, could open up opportunities for Indian online sellers if bottlenecks in banking and customs are quickly fixed and suitable export incentives are extended by the government, according to research agency Global Trade and Research Initiative.

With over 100,000 e-commerce sellers and \$5 billion in current exports, India is well-positioned to fill the gap left by China, particularly in customised, small-batch products like handicrafts, fashion, and home goods, the report, shared on Sunday, pointed out.

“Starting May 2, Chinese e-commerce shipments under \$800 to the US will face a steep 120 per cent import duty, ending their duty-free entry. This move is expected to disrupt Chinese supply chains and open the door for other countries,” the report said.

On April 2, US President Donald Trump signed an executive order removing the de minimis exemption for imports from China and Hong Kong. “This rule had previously allowed small packages valued up to \$800 to enter the US without any duty benefiting Amazon and Chinese firms like Shein and Temu,” the report noted.

India to step up

For India, seizing this opportunity requires urgent reforms as India’s current trade system is still geared toward large, traditional exporters—not small online sellers, according to Ajay Srivastava from the GTRI.

RBI rules allow only a 25 per cent gap between declared shipping value and final payment, which is too tight for online exports, where discounts, returns, and platform fees often lead to larger differences. “Raising this limit to 100 per cent and giving banks flexibility to approve legitimate cases would help,” the report suggested, adding that bank fees should also be brought down.

India’s customs system must move online, with 24/7 automated inspections and easy-to-follow digital checklists for small exporters, it added. E-commerce sellers should also get access to affordable loans.

The report further pointed out that shipments sent by courier, which is common in e-commerce, do not qualify for key export incentives like RoDTEP, Duty Drawback, or the Advance Authorisation Scheme. “This puts online exporters at a disadvantage. Extending these benefits to e-commerce shipments is critical,” it said.

Source: thehindubusinessline.com– Apr 14, 2025

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India eyes bargains with China as Trump's tariff tantrums continue

India is looking to negotiate better deals with Chinese suppliers as it navigates the trade war between the US and China. In a high-level meeting last week, several line ministries were told to rally industry negotiations and work out how best to extract better deals with their Chinese suppliers, amidst the volatile Trump tariff tantrums.

The strategy focuses on leveraging India's manufacturing capabilities to gain cost advantages from China in raw material sourcing — its reported surplus stocks — and boost exports to the US, as India is a relative beneficiary of “discounted tariffs.”

In FY24, India-China bilateral trade reached \$118.4 billion, with India importing \$101.7 billion in goods — primarily electronics, machinery, and chemicals — while exporting only \$16.7 billion. This trade imbalance drives India's push for discounts or price cuts, particularly in sectors impacted by US tariffs.

Ministries have been advised to adopt a cautious approach, monitoring developments, gathering stakeholder feedback, including tracking import-export data, before proposing measures such as duties or safeguards.

“So there are internal discussions to secure better trade deals from Chinese suppliers. However, there is no formal commitment as of now. The government is now in a wait-and-watch mode, and there is some keenness from industry to exploit the excess raw material stocks available in the Asian nation,” an official in the know said.

For instance, toy manufacturers in Guangdong, China, reported order cancellations for US-bound shipments. In the first phase, around 8-10% discounts were offered. But, post the Liberation Day tariff announcements, there have been more cancellations, particularly for those scheduled in June.

Negotiations On

The pitch, at present, centres on securing low-cost raw materials in sectors where US tariffs pressure Chinese suppliers. Businesses are eager to proceed with talks to capitalise on opportunities by proposing price

reductions (including discounts), profit-sharing, or technology transfers to bolster domestic manufacturing.

A paint industry representative noted that ongoing discussions to secure better deals on titanium dioxide, a key raw material sourced from China, despite limited US exposure.

In steel, India is trading carefully. The Directorate General of Trade Remedies recommended a provisional 12 per cent safeguard duty on steel imports for 200 days, but its implementation may be delayed as the finance ministry reviews stakeholder appeals. Implementation could happen only after.

A government official noted that domestic steel mills, which recently increased prices, risk incurring losses from cheaper imports undercutting prices by 5-12 per cent if safeguards are not enforced.

Industry associations are actively engaging ministries to ensure affordable raw material supplies. “There’s no formal commitment yet, but the government is closely assessing options,” a senior official said.

Meanwhile, China’s export restrictions on rare earth elements, announced on April 4 in response to US tariffs, could open new avenues for India to negotiate access to minerals critical for energy, defence, and electronics.

ICICI Securities reports that investors are focusing beyond Q4FY25, with tariffs reshaping trade dynamics. Companies serving India’s domestic market are likely to outperform, while non-ferrous metal firms, tied to global prices, may face challenges. As India navigates this complex landscape, its ability to secure strategic bargains with China could redefine its role in global trade.

Source: thehindubusinessline.com– Apr 14, 2025

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U.S. tariffs could shrink global trade by 3%, says U.N. economist

Global trade could shrink by three per cent and exports could see a shift from markets such as the U.S. and China to India, Canada and Brazil due to tariffs imposed by the U.S., a top United Nations (UN) economist has said.

U.S. President Donald Trump unveiled a massive tariff plan last week. The White House later announced a 90-day pause on “reciprocal tariffs” for most countries except China, which in turn decided to impose 125% tariffs on U.S. imports.

“Global trade could shrink by 3%, with significant long-term shifts in trade patterns and economic integration,” International Trade Centre Executive Director Pamela Coke-Hamilton said in Geneva on Friday (April 11, 2025).

“For example, exports from Mexico—which have been highly impacted—are shifting from markets such as the U.S., China, Europe and even other Latin American countries, with modest gains instead in Canada and Brazil, and to a lesser extent, India,” she said.

Similarly, Vietnamese exports are redirecting away from the U.S., Mexico and China, while increasing substantially towards Middle East and North Africa (MENA) markets, the EU, Korea and others, she said.

Citing the example of apparel, Coke-Hamilton said that textiles is a top industry in terms of economic activity and employment for developing countries.

In this context, she said that Bangladesh, the world’s second-largest apparel exporter, would face a reciprocal tariff of 37%, should it come into effect, which could lead to a loss of \$3.3 billion in annual exports to the U.S. by 2029.

She added that a key part of the solution for developing countries to navigate any global shocks—be it a pandemic, climate disaster or sudden changes in policies—lies in prioritising three areas -diversification, value addition and regional integration.

“So there are opportunities for developing countries not just to navigate times of uncertainty, but to proactively prepare for the long haul,” she said.

Coke-Hamilton said that initial estimates, developed with the French economics research institute CEPII, calculated before the announcement of the 90-day pause and the additional tariff hikes on China, indicate that by 2040, the effect of the so-called “reciprocal” tariffs and initial countermeasures could reduce global GDP by 0.7 per cent.

Countries like Mexico, China and Thailand—but also countries in Southern Africa—are among the most affected, alongside the United States itself.

On China’s decision to impose 125% tariffs on U.S. imports, Asia Society Policy Institute (ASPI) Vice President and Managing Director, Washington, D.C. Wendy Cutler said that with China’s announcement of further tariff hikes against U.S. imports, it’s clear that hopes that China would blink first in this trade war are misplaced.

“China is in for the long haul. Beijing has also admitted that it has reached the endpoint in retaliating with tariffs, perhaps signalling that it has lots of other tools in its arsenal that could be activated further should the U.S. respond today with additional measures,” she said.

She added that the steep tariffs now in place—145 per cent for Chinese imports to the U.S. and 125% for U.S. imports to China—virtually halt all goods trade between the two largest economies in the world.

“How long these tariffs remain in place is an open question, but at some point, both Washington and Beijing will recognise the need to re-engage and manage this deteriorating situation,” she said.

ASPI’s Vice President of International Security and Diplomacy Daniel Russel said that Chinese President Xi Jinping isn’t backing down, but he’s not blowing things up either.

He’s “betting that Trump’s tariff tantrum will collapse under the weight of the U.S. market response,” Mr. Russel said.

He added that Beijing is shifting away from symmetrical retaliatory tariffs, signalling that it’s done playing Trump’s escalation game and instead is playing for the long-term strategic advantage.

“By declaring it will ‘ignore’ future U.S. tariff hikes, Beijing is not trying to win the trade war—it’s trying to outlast it and to outmanoeuvre Trump. Beijing’s goals are to buffer its economy, expand diplomatic clout, and keep pressure on U.S. allies to hedge. Mr. Xi’s Southeast Asia tour is part of a strategy to shore up China’s economic ties in the region while Washington lashes out and alienates its partners,” Mr. Russel said.

Source: thehindu.com– Apr 12, 2025

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'Zero-for-zero' tariff under proposed India-US BTA unlikely: Report

A 'zero-for-zero' tariff strategy under the proposed bilateral trade agreement between India and the US is unlikely, as the two countries are at different levels of economic development, official sources said.

Certain trade experts have suggested that India can propose a 'zero-for-zero' tariff strategy to the US for addressing America's reciprocal tariff hikes.

An official said that zero-for-zero tariffs can be possible between the US and the European Union (EU) as both are developed and advanced nations.

The India-US agreement will always be a "package" deal that could include issues such as goods and non-tariff barriers, the official said adding "it does not happen like this that if he will do 'zero' in electronics, we will also do in electronics. Trade agreements do not happen like this. It is a wrong thinking".

India and the US have been engaged in negotiating a bilateral trade agreement (BTA) since March. Both sides have targeted to conclude the first phase of the pact by fall (September-October) of this year with an aim to more than double the bilateral trade to \$500 billion by 2030 from about \$191 billion currently.

"The work has started for the agreement. India is far ahead of other countries in negotiating a trade deal," the official added.

India and the US have decided to hold sector-specific talks in the coming weeks under the agreement. The decision to hold discussions in the coming weeks follows four days of talks -- between senior officers of India and the US -- which concluded here on March 29.

In February, Delhi-based think tank GTRI suggested that India should propose a zero-for-zero tariff strategy to the US for addressing America's tariff hikes. Under this strategy, it has stated that India can identify tariff lines (or product categories) where it can eliminate import duties for American imports and in lieu of that, the US should also remove duties on a similar number of goods.

In a trade pact, two countries either significantly reduce or eliminate customs duties on the maximum number of goods traded between them. They also ease norms to promote trade in services and boost investments.

While the US is looking at duty concessions in sectors like certain industrial goods, automobiles (electric vehicles particularly), wines, petrochemical products, dairy, agriculture items such as apples, tree nuts, and alfalfa hay; India may look at duty cuts for labour-intensive sectors like apparels, textiles, gems and jewellery, leather, plastics, chemicals, oil seeds, shrimp, and horticulture products.

From 2021-22 to 2023-24, the US was India's largest trading partner.

The US accounts for about 18 per cent of India's total goods exports, 6.22 per cent in imports, and 10.73 per cent in bilateral trade.

With America, India had a trade surplus (the difference between imports and exports) of \$35.32 billion in goods in 2023-24. This was \$27.7 billion in 2022-23, \$32.85 billion in 2021-22, \$22.73 billion in 2020-21, and \$17.26 billion in 2019-20.

In 2024, India's main exports to the US included drug formulations and biologicals (\$8.1 billion), telecom instruments (\$6.5 billion), precious and semi-precious stones (\$5.3 billion), petroleum products (\$4.1 billion), gold and other precious metal jewellery (\$3.2 billion), ready-made garments of cotton, including accessories (\$2.8 billion), and products of iron and steel (\$2.7 billion).

Imports included crude oil (\$4.5 billion), petroleum products (\$3.6 billion), coal, coke (\$3.4 billion), cut and polished diamonds (\$2.6 billion), electric machinery (\$1.4 billion), aircraft, spacecraft and parts (\$1.3 billion), and gold (\$1.3 billion).

Source: business-standard.com– Apr 13, 2025

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Shippers rush to reach American shores amid 90-day tariff pause

After US President Donald Trump announced a 90-day tariff pause for several nations, including India, global manufacturers are in a rush to ensure that bulk of their goods reach the US during this window.

“The 90-day suspension of tariffs will be welcomed by shippers, but it should not be a cause for celebration. We still have a rapidly escalating US-China trade war with tariffs spiralling above 100 per cent,” said Peter Sand, chief analyst at Xeneta, an Oslo-based maritime analytics firm.

After falling continuously for four months, freight rates across eight global sea routes increased for the second week in a row since US reciprocal tariffs were enforced and then rescinded temporarily.

The Drewry World Container Index rose 3 per cent last week to \$2265 per 40-ft container amid a volatile environment for transporters.

“Those shippers with the opportunity to rush imports out of non-China nations will do so because the situation remains highly-unpredictable. There is every possibility that the higher tariffs will come into effect 90 days from now,” said Sand.

Moreover, shippers are also looking at tightening capacity and planning for the disruption – something global trade players had anticipated in the run-up to tariffs.

According to Drewry’s cancelled sailings tracker, blank sailings on major East-West routes nearly doubled from 41 to 77 in three weeks as carriers aim to tighten capacity.

“The recent US tariffs on Chinese and other Asian imports are expected to reduce demand, placing carriers in a challenging position. To maintain rate levels, carriers may resort to stringent capacity management, primarily through blank sailings. Frequency of sailings is expected to decline over the next five weeks, with our forecast indicating that approximately 88 per cent of weekly departures will happen as scheduled,” said Drewry.

Going forward, shippers will be closely monitoring how supply chains are reshuffling. “Should tariffs and possible retaliatory measures contribute to prolonged inflation and a slowdown in the global economy, this could eventually influence ocean freight volumes and trade patterns. We are closely monitoring the situation,” an executive from a major Japan-headquartered shipping company said. Indian port players, amid the rush, are also looking to seize opportunities to get high-value cargo onto their own terminals.

“The disruption is already causing exporters to panic and call everywhere for backup plans should their expanded needs remain unfulfilled from their primary transporters and cargo handlers. We are looking to seize such opportunities. We are also monitoring whether it's a good move to collaborate with players in countries with low tariffs for dedicated facilities. While we were sure about it last week, now it's more of a wait and watch because of the pause on tariffs,” another port executive said.

In India, stockpiling is putting pressure on logistics.

“Previously too, the US–China trade lanes experienced a staggering 80–120 per cent surge in freight rates. This was in response to the imposition of reciprocal tariffs, disrupting the existing trade dynamics. Now, with the India–US corridor facing similar challenges, short-term stockpiling is driving a projected 20–35 per cent surge in logistics activity. However, this phase is likely to be transient,” said Dibyanshu Tripathi, founder of logistics firm HexaLog.

RACE AGAINST TIME

- Shipping firms are also looking at tightening capacity
- Shippers speeding up exports from non-China nations
- Carriers double blank sailings to manage tight capacity
- India's ports eye high-value cargo amid global disruption
- Stockpiling drives 20–35% jump in India–US logistics activity

Source: business-standard.com– Apr 13, 2025

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India should shield exporters from China-US impact

US President Donald Trump capped his extraordinary tariff antics last week with a move on April 9 to freeze his 'reciprocal tariff' order on 56 out of 57 trade partners, for 90 days.

China was not spared; the US has ended up imposing a 145 per cent levy on some of China's goods, while sparing, if only for now, key imports such as electronics, smartphones, hard drives and chip-making equipment — an intriguing move that seems conciliatory towards US' big tech firms such as Microsoft, Apple, Google and Dell. China did not lose a moment to retaliate, slapping a 125 per cent duty on US exports.

The hit on China and its fallout deserves some attention, because it is India's top trade partner along with the US. China's US-bound exports could find its way into other markets, such as the EU and India. After Trump's April 9 decision, the tariff gap between China and the rest of the world could be as high as 135 per cent on some goods, as the baseline tariff of 10 per cent is what India and the others are faced with right now, on exports to the US.

China's exports of furniture, toys and garments to the US could head elsewhere, besides steel, on which India is contemplating a safeguard duty. India seems inclined to set up a 'war room' to ward off any influx. The EU, a bigger importer than the US of Chinese goods, is equally wary about Chinese dumping. Such vigilance could deepen China's existing downturn, brought upon by real estate oversupply. It is hard to say whether China's pre-emptive fiscal stimulus in 2024 can offset this export shock.

The world's two largest economies are likely to drag down global growth, with China expected to grow at 4 per cent in 2025 and the US going into negative by the end of the year. If India seeks to turn China's export decline into an opportunity (notwithstanding the global growth crisis), it must do the necessary groundwork.

At present, India's medium and small enterprises are not able to ramp up quickly to substitute a market gap. It is difficult, for instance, for India's garments to benefit overnight from the duty hit on China, Vietnam and Bangladesh. As the latest Economic Survey has said, cleaning up the business environment for MSMEs must assume top priority.

The Centre could consider providing some short-term export subsidy to offset the tariff impact on margins. Banks should be persuaded to lend liberally to exporters. India's electrical, garments and engineering exports need support so that they do not lose existing markets – not just in the US but also in other markets such as the EU, where competitors could compromise India's market share.

It cannot be said now whether the 'tariff tantrums' will lead to a diversion of investment from China and ASEAN into India. It takes a lot of time and money to shift base, and businesses will probably take that decision based on the final level of tariffs – of which nothing is known. In this situation of flux, India should protect its exporters to minimise the output shock. Nimble fiscal and monetary policy is called for.

Source: thehindubusinessline.com– Apr 13, 2025

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Bangladesh steps on land border trade preceded India's transshipment ban

New Delhi: Bangladesh took several steps that adversely hit land border trade with India even before New Delhi moved to revoke transshipment facilities for Dhaka to export cargo to third countries via Indian land customs stations.

Bangladesh's interim regime last month decided to close three land ports with India while suspending another citing lack of necessary infrastructure for operations.

The interim regime led by chief adviser Md Yunus also halted yarn imports from India via land ports, which Bangladesh garment exporters have termed as 'suicidal'. The decision was taken despite vehement opposition by leading business chambers in Bangladesh. Yarn imports via land ports is a win-win activity for Indian exporters and Bangladeshi garment makers, according to Bangladesh affairs experts.

Yarn serves as a critical input in the garment industry-the highest export revenue generator for Dhaka. The regime's move to suspend yarn trade with India has been seemingly done to enable more imports from Pakistan though not as competitively priced as India's, people said.

The decision also threatens the survival of small and medium scale enterprises in Bangladesh for whom these imports served as critical inputs for garment manufacturing. At a time when both countries are looking to improve logistics by upgrading existing and opening more land ports, such closure of land ports unilaterally is a regressive step, according to experts on the Bangladesh economy.

India on Tuesday revoked a key transshipment facility that permitted Bangladesh to export goods to third countries via Indian land customs stations though trade with Bhutan and Nepal will be exempted.

Source: economictimes.com– Apr 14, 2025

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Turning crisis into opportunity - by Amitabh Kant

Though the Donald Trump administration has given the world a respite from its new tariffs, global markets have been in turmoil ever since they were announced. Volatility and uncertainty spiked. Close to \$6 trillion was wiped out from global markets. With the United States negotiating bilaterally, the multilateral trading system, where distinctions were made between developed, developing and least developed countries, stood threatened. In the next three months, India should explore the massive opportunity that the ongoing reshaping of globalisation gives us. However, navigating these changes will require concerted policy action.

HOW TO MAKE THIS INDIA'S MOMENT

➤ **Deregulate and deregulate:** Make India the easiest place to do business in. Scrap all useless rules, regulations and procedures

➤ **Modernise the regulators:** They must act as developmental bodies, coming out of their 'command and control' mode of functioning

➤ **Implement labour laws:** This must be done without any delays

➤ **Reduce duties:** Duties on inputs and components that go into manufacturing and exports should come down to zero

➤ **Rationalise QCOs:** This is necessary as Quality Control Orders have proliferated and are impacting inputs and components

➤ **States must become more active:** They should be the drivers in penetrating global markets

First, we must renew our thrust on ease of doing business. This will be a crucial step if we are to attract manufacturing and investment to India. Large-scale scrapping of rules and procedures and total business process re-engineering must occur. Reforming land, building and construction norms is key. Rules under the new Labour Codes must be notified at the earliest. The movement must be state-led. Avenues for rent-seeking must be eliminated. We must also address the issue of regulatory overreach. Our regulators must be modernised and act as developmental bodies, coming out of their 'command and control' mode of functioning. We need a mindset change in India—free enterprise must be promoted. Free enterprise will build the

economy through investment, innovation and job creation.

Second, we must liberalise the trade regime for critical inputs. In electronics, machinery, transport and others, we impose higher tariffs than competitors, harming our manufacturing competitiveness. Adopting a free-trade regime for key industry inputs is essential. Non-tariff barriers (NTBs), particularly quality control orders (QCOs), have proliferated, making it costly for industries like textiles to source raw materials. Studies indicate that QCOs have surged from hundreds to thousands, complicating foreign firms' ability to sell in India. We must eliminate these QCOs for critical inputs. Additionally, we should proactively sign trade

agreements to protect interests and encourage investments in sectors like food processing, which can create lakhs of jobs.

Third, we must renew momentum in building our infrastructure. Large-scale projects like freight corridors and high-speed rail have seen cost and time overruns. These projects must be brought back on track, and private investment in infrastructure must be reignited. While public capex has stabilised at 3.5-4 per cent of the GDP in the past years, this must be further increased to 6 per cent. The focus must be on building regional connectivity, such as regional transit systems and airports, and upgrading our ports.

Fourth, as we seek to move up the value chain, both in manufacturing and services, research and development (R&D) will be crucial. The Rs 1 lakh crore R&D fund announced in the July 2024 budget must be operationalised as soon as possible. The DeepTech Fund of Funds, announced in the February 2025 budget, must also be operationalised at the earliest. We must not allow Artificial Intelligence and these frontier technologies to be the monopolies of a few countries or companies, as happened with the technological revolutions of the past. We need to drive investments in DeepTech and clean tech, such as advanced cell chemistry (ACC) batteries, solar panels and electrolyzers.

Finally, long-term plans for energy security must be set into motion now. While oil prices have not reacted adversely, geopolitical shocks almost always lead to energy price shocks, as we saw in February 2022. This is closely tied to R&D. Addressing energy storage and alternate fuels for hard-to-abate sectors will ensure our energy security in the long term.

We must also share our knowledge and experience with the world. India's development model, digital public infrastructure and playbook on climate action, which have led to significant improvements in healthcare, education and environmental sustainability, can be models for the Global South. This, in turn, will open up significant trading and investment opportunities for India and Indian companies. The reshaping of globalisation, marked by shifting trade rules and emerging technologies, presents a massive opportunity for India. This realignment is not a threat—it is our moment.

Source: indiatoday.in– Apr 11, 2025

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India risks missing US textile opportunity amid QCO hurdles

Quality Control Orders (QCOs) on textile raw materials such as polyester fibre and yarn, and viscose fibre, have once again come into the spotlight amid the US' imposition of reciprocal tariffs. India risks missing an opportunity to capture diverted orders from China following the imposition of a 145 per cent reciprocal tariff, as Indian garment exporters may remain uncompetitive due to higher raw material prices. Even if the Indian government were to remove QCOs immediately, the brief 90-day window provided by the US may not allow sufficient time to benefit.

Ashish Gujarati, former president of the Southern Gujarat Chamber of Commerce & Industry (SGCCI), told Fibre2Fashion, “Polyester yarn of different varieties and specifications is 15 to 35 per cent costlier in India. It makes fabric dearer which increases total cost of production of Indian garments.” He noted that Indian garment exports are unlikely to benefit from diverted orders from China. Turkiye is expected to be the biggest beneficiary in the current scenario.

India mandates quality certifications for polyester fibre and yarn, and viscose fibre, in line with the standards set by the Bureau of Indian Standards (BIS), as per QCOs issued for these raw materials. The government also plans to implement a QCO for textile machinery from August 2025.

Gujarati further stated that India has launched investigations into imports of nylon, spandex, and viscose yarn. If these imports are found to cause material injury to the domestic industry, the government may impose anti-dumping duties (ADD) on these products. He emphasised that the government must decide whether it wants to protect the domestic raw material industry or the finished goods sector. Expensive raw materials cannot ensure the competitiveness of Indian garment exports.

He highlighted that QCOs are overly arbitrary, applying to varieties of polyester and other yarns that are either not produced domestically or produced in negligible quantity and poor quality. Such yarns are used in performance-based technical textiles, and the Indian industry currently imports expensive fabrics of these types.

The Indian weaving industry could produce them and add value if these yarns were allowed. Even if the government were to remove QCOs immediately, it would be nearly impossible to take advantage of the brief 90-day window offered by the US.

Gujarati added that he intends to raise this issue at the upcoming meeting of the Textile Advisory Group on man-made yarns, to be held in New Delhi. However, the government has yet to announce the date.

Sanjay K Jain, chairman of the ICC Textile Committee and managing director of TT Ltd, told F2F, “India must ensure its MMF raw material prices are competitive to capture China’s share in the US market. Otherwise, competitors will continue to source fabric from China and export to the US at lower costs than India.” Raw material protectionism must be addressed urgently, as cotton, polyester, and viscose are currently more expensive in India than in competitor countries such as Vietnam, Bangladesh, and Pakistan. If not addressed, this will become yet another missed opportunity, he warned.

Jain pointed out that China supplies nearly \$30 billion worth (about 25 per cent) of textile and apparel products to the US, out of the US’ total annual imports of \$120 billion. “We need to analyse the HS Codes that dominate China’s exports and work out a strategy to supply those goods competitively. This could be a great opportunity—if India takes the steps properly,” he said.

The government will also need to work hard to protect the domestic market, as China is expected to supply textile products more aggressively to other markets, including India.

Source: fibre2fashion.com– Apr 14, 2025

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In tatters

Hinterland | This was the first year when Indian cotton imports of 30 lakh bales surpassed exports of 17 lakh bales whereas India, on average, exported 120 lakh bales merely 12 years ago

Something is afoot on the cotton fields. A three-pronged problem is rattling Indian cotton growers. To make matters worse, there is a fourth problem in the form of the callous, even lackadaisical, government, which has been sitting on the warnings for a decade.

Let us begin at the beginning: first, the productivity of this man-made fibre is on a steep decline — affecting overall cotton production — due to the return of the pink-bollworm, a nasty worm that ravaged the fields over 30 years ago and led to the adoption of genetically modified technology since 1996 taking production to an all-time high by 2012-13. This pest has returned. This means that the genetically modified technology is now a dud. Second, India is now becoming a net importer of cotton in a stunning reversal of fortunes from a decade ago, when it was among the major exporters. And third, cotton prices are stagnant or dwindling.

Why does all this matter? Because after wheat and rice, cotton holds the largest acreage, at over 11 million hectares (this, too, is a decline from a few years ago when it touched 14 million ha), and produces millions of man-days of labour fuelling the rain-fed rural and agriculture economies.

The return of the pink-bollworm first set alarm bells ringing as early as in 2015. That year, Indian cotton scientists were deeply worried about what they felt was a conclusive breakdown of the genetically modified Bt-cotton technology.

By 2017, Gujarat and Maharashtra, among the major cotton-producing states, had reported massive infestations of the pink-bollworm from the family of bollworms that this GM technology was supposed to tackle.

Bt-cotton derives its name from *Bacillus thuringiensis*, a soil-dwelling bacterium. The Bt hybrid cotton seeds contain cry (crystal) genes derived from the bacterium and inserted into the cotton plant genome (the genetic material of the cell) to provide protection against bollworms.

Bt-cotton was meant to control the bollworms without having to spray lethal pesticides. Whether the technology was good or bad is a separate debate, but India went for it. By 2020, the Central Institute of Cotton Research, an apex cotton research institution under the Indian Council of Agriculture Research, had warned that cotton growers across India would find the worms surviving and flourishing in Bt-cotton fields, having led field surveys since 2015.

Pink-bollworms are only part of the problem. The bigger worry is its declining production despite high acreage. The problem is a sum total of many factors, including climate, eroding soils and poor inputs.

We do not have a new panacea for bollworms or to generate higher productivity in arid areas in the rapidly changing climate. Troubled growers do not have much of a choice for a switch, which has begun to show up in the fields where planting cotton is becoming a game of Russian roulette.

Our cotton output for 2024-25 is projected to be about 294 lakh bales (1bale = 170 kg cotton lint), the lowest since the 290 lakh bales in 2008-09. Compare it with the production of 398 lakh bales, a peak, in 2013-14, and you get the picture of a bloodbath.

It is not driven by a fall in cotton sowing acreage but by a sharp drop in productivity: from nearly 300 kg lint per ha, it rose to 566 kg in 2013-14 before plunging to 436 kg in 2023-24. In comparison, Brazil yields 1,800-2,000 kg lint per ha, almost four to five times that of India. Ditto for China and the United States of America.

Within India, too, there is a massive variation intra- and inter-state in cotton productivity. This was the first year when Indian cotton imports of 30 lakh bales surpassed exports of 17 lakh bales whereas India, on average, exported 120 lakh bales merely 12 years ago. In value terms, cotton imports far outweigh the exports in dollars.

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