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INTERNATIONAL NEWS

Trump Closes De Minimis 'Loophole' to China-Made Goods

The de minimis gravy train has come to a halt for China-based retailers and sellers.

At 12:01am on Friday, the trade exception (which has allowed shipments worth $800 or less to enter the country duty-free) was eliminated for packages coming from China.

A key tenet of the business models of companies like Shein and Temu, as well as vendors on platforms like Amazon that drop-ship from overseas factories to consumers' doorsteps, the trade rule, often referred to by detractors as a "loophole," facilitates the importation of about 4 million packages per day into the U.S. market.

In 2024, 1.36 billion parcels entered the country duty free under de minimis, and at least half of them hailed from China.

There's been much debate and confusion about what this will mean for shoppers, as well as Customs and Border Protection (CBP) and express shippers like FedEx, UPS and DHL, which handle high volumes of de minimis parcels.

Now, most of the packages that would have once utilized de minimis will be subject to a Type 11 informal entry process. Shipments worth $2,500 or less will be subject to more rigorous examination, including more data requirements that help Customs determine the appropriate duty rate.

The stumbling block for Chinese brands or shippers currently utilizing de minimis may be the import requirement of the 10-digit HTSUS code, which classifies an item and stipulates its duty rate. Identifying the proper code is essential to calculating the amount an importer must pay in tariffs, but the companies that have relied on de minimis are unlikely to have a process in place for effectively determining—or disseminating—that information.

"The commercial model of many low-cost marketplaces is no longer viable," said Ram Ben Tzion, founder of Ultra Information Solutions. "I would imagine that come May 3, we will see many additional disruptions to service."

Now, it will become the carriers' responsibility to compile the relevant information for Customs—a task they're surely not accustomed to. This is a "huge, huge, huge transition," Ben Tzion said. "So now for millions of packages a day, all of a sudden, the responsible entity is going to be the carriers. They're not equipped, they're not structured, they're not informed to enforce this." But according to the founder, whose firm is behind digital shipment vetting platform Publican, "There are winners to this de minimis game."

The short-term beneficiaries of the China de minimis ban will be big retail outlets, he believes. "Walmart is a huge winner. They have an online outlet that can compete with Amazon, that can compete with Temu, compete with Shein—but they already have the mechanism in place to import and distribute" goods through its e-commerce marketplace.

"If you're now Walmart, all of a sudden, your online marketplace will become something super valuable and relevant. You import by container, you distribute to the end consumers. You can still bring stuff from China the same way you did last week—something that the small shops on Temu or Shein cannot offer. So it's a huge advantage for them." Another group—American textile producers—has also been waiting with bated breath for the trade exception to expire.

"We are grateful to President Trump and his administration for closing the destructive de minimis loophole that has allowed unsafe and illegal Chinese goods—including goods made with forced labor—to flood the U.S. market duty-free and largely unchecked for years," said National Council of Textile Organizations (NCTO) president and CEO Kim Glas.

"This loophole, largely exploited by Chinese e-commerce giants and others to skirt U.S. tariffs, regulations and laws, has contributed to the closure of 28 textile mills in the past 22 months," she added. "Today's action by the administration is an important step forward to help rebalance the playing field for American manufacturers, preserve good-paying American manufacturing jobs, spur more investment and innovation in manufacturing facilities here at home, and close the backdoor to China once and for all." NCTO is also urging the administration and Congress to end de minimis for shipments originating in all countries.

Parkdale Mills chairman and CEO Anderson Warlick said, "The de minimis loophole has impacted our businesses and our workforce significantly," given that "[r]oughly half of de minimis shipments contain textile and apparel products which get an unfair competitive advantage at our expense." "The de minimis loophole has wreaked havoc on the U.S. textile industry by enabling duty-free access for massive volumes of fast fashion imports, largely from China. This policy undermines American manufacturers who play a critical role in our national security and industrial resilience," said Amy Bircher Bruyn, CEO and founder of Ohio-based MMI Textiles.

The mill employs 39 workers directly and 21 more through its other operations, and with a robust contract manufacturing network, MMI also supports hundreds of jobs across the U.S. supply chain, she said.

"The U.S. textile industry is vital to our nation's industrial base," supplying the U.S. armed forces with uniforms and gear and producing lifesaving PPE during the pandemic. "Despite these contributions, the current de minimis threshold has created an unfair advantage for foreign competitors, particularly China, by allowing them to bypass duties and flood the market with underpriced goods—at the direct expense of American jobs," she added.

Ron Sytz, CEO of fabric mill Beverly Knits, said he was thankful that the administration opted to close the door on duty-free China-made imports.

"This loophole has been devastating to my family's 44-year-old textile manufacturing business in Gastonia, North Carolina, forcing us to lay off 175 workers and significantly reduce capacity in our plants," he said. "We can't compete against subsidized imports from China that enter the U.S. duty free through the de minimis loophole."

With today's ban, though, Sytz believes the company "will once again have a level playing field that will allow us to expand, invest and hire more associates here in the United States."

Source: sourcingjournal.com– May 03, 2025

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US economy expected to grow 1.5% in 2025, 1.7% in 2026: S&P Global

S&P Global Ratings has again lowered its gross domestic product (GDP) growth forecasts for most countries and raised its inflation forecast for the United States. It sees a material slowdown in growth, but does not foresee a US recession at this juncture.

In a recent report titled ‘Global Macro Update: Seismic Shift in US Trade Policy Will Slow World Growth’, the rating agency said the risks to its baseline remain firmly on the downside in the form of a stronger-than-anticipated spillover from the tariff shock to the real economy.

The longer-term configuration of the global economy, including the role of the United States, is also less certain, it noted.

The US economy is expected to grow by 1.5 per cent this year and by 1.7 per cent in the next, the report said. US GDP growth falls by about 60 basis points (bps) over 2025-2026; Canada's and Mexico's GDP growth falls by a similar amount as well.

Eurozone GDP growth is about 0.2 percentage points lower over the next two years, with Germany taking the biggest hit among the major economies.

“We anticipate that robust German and European fiscal spending on infrastructure and defense will counteract the negative effects of US tariffs and uncertainty. We anticipate eurozone growth will be above potential in 2027 and 2028,” the report said.

In emerging markets, more open Asia-Pacific economies (Malaysia, Vietnam, Thailand and Singapore) see the biggest decline in GDP growth, falling by 0.5-1.0 percentage points per year.

Except, China, the European Union and Canada, S&P Global ratings expects most other countries to try to negotiate a settlement with the United States on the reciprocal tariffs issue rather than retaliate.

The economic fallout from the tariff shock has been limited so far to drops in confidence indices and declines in nominal variables. It has yet to affect the real economy other than some front-running of imports to beat the tariffs, the report noted.

That may be starting to change, as goods shipments from China have recently begun to decline, it said.

The US Federal Reserve is projected to cut interest rates by 50 bps this year.

The effects of US reciprocal tariffs on GDP growth are relatively low outside the Asia-Pacific. This is because most countries run a trade deficit with the United States and the April 2 tariffs were, therefore, 10 per cent.

The main exception for non-Asia growth effects is Mexico, given its close relations with the United States, despite no new tariffs.

In most emerging market economies, the direct effects of the tariffs had a larger effect on growth than the indirect effects, which include weak global demand and general uncertainty, the report added.

S&P Global Ratings' top macro risk in the next 12 months is that higher tariffs, uncertainty and financial market turbulence will lead to a sharp contraction in the real economy in the United States and elsewhere.

Source: fibre2fashion.com– May 05, 2025

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SHIPS for America Act Reintroduced to Reinvigorate US Shipbuilding

With an executive order supporting the growth of the American shipbuilding industry now in place, U.S. lawmakers are reintroducing a bipartisan bill designed to help carry out that mission.

Sens. Mark Kelly (D-Ariz.) and Todd Young (R-Ind.) joined Reps. John Garamendi (D-Calif.) and Trent Kelly (R-Miss.) in reintroducing the Shipbuilding and Harbor Infrastructure for Prosperity and Security (SHIPS) for America Act in Congress Wednesday morning.

The bill seeks to address a major national security concern surrounding Washington—there is a monumental gap in shipbuilding activity between the U.S. and China. Trump's EO already set in motion the creation of a shipbuilding office in the White House, formally titled the Office of Maritime and Industrial Capacity.

At its core, the SHIPS for America Act is designed to close this gap and boost the U.S. Merchant Marine by establishing national oversight and consistent funding for U.S. maritime policy, cutting red tape to make U.S.-flagged vessels commercially competitive in global commerce, rebuilding the U.S. shipyard industrial base, and expanding and strengthening mariner and shipyard worker recruitment, training and retention.

There are currently 80 U.S.-flagged vessels in international commerce while China has 5,500.

“After decades of dangerously neglecting our shipbuilding industry, we're finally doing something about it,” said Sen. Kelly, a U.S. Navy veteran and the first U.S Merchant Marine Academy graduate to serve in Congress.

“Building and staffing more U.S.-flagged ships will create good-paying American jobs, make our supply chains more resilient, lower costs, and strengthen our ability to resupply our military at times of war. We'll keep working with our colleagues in Congress, this administration, and our partners in the industry to make our country safer and competitive by passing the SHIPS for America Act.”

The legislation now includes a goal to expand the U.S.-flag international fleet by 250 ships in 10 years with the creation of a strategic commercial fleet program. This objective was not included in the original version of the act introduced in December.

This program would provide support payments for capital and operational costs to encourage the introduction of new U.S.-built, -flagged and -crewed vessels.

Additionally, the bill would establish a maritime security advisor within the White House, who would lead an interagency maritime security board tasked with directing the national maritime strategy.

The SHIPS Act would carry out several other directives from President Donald Trump's EO, including the creation of a maritime security trust fund to provide funding for programs aimed at shoring up shipbuilding capacity. The high costs that come with building a military and commercial vessel have been a major barrier—alongside a shortage of mariners—in getting the U.S. shipbuilding industry back up to speed with its Chinese counterparts.

Texas A&M Maritime Academy superintendent Michael Fossum, a former astronaut colleague of Sen. Kelly's, said during a press conference at the Capitol that the act would provide the support needed to boost training program enrollment and revamp training berths without having to pass the costs down to students.

"Build these new fleets, and we will get you the crews you need," Fossum said. "But we have to get costs down to get students in the doors."

Cargo-carrying standards within the original December legislation remain in place. One section raises the percentage of U.S. government cargo that must sail on U.S.-flagged vessels from 50 percent to 100 percent. Another requires that within 15 years, 10 percent of all cargo imported from China must be transported on U.S.-flagged vessels.

And to make room for shipbuilding purposes, the bill would also expand the U.S. shipyard industrial base for both military and commercial oceangoing vessels by establishing a 25 percent investment tax credit for shipyard investments.

As of March 1, U.S. vessels only carry 0.4 percent of global tonnage at sea, according to maritime intelligence service Clarksons Research. China leads the world in shipbuilding capacity moving 34.3 percent of global deadweight tons, while South Korea comes in at 31 percent and Japanese ships move 26 percent.

The newer bill further disincentivizes the operations of ships on foreign soil. Vessels repaired in Chinese yards were set to face a 200-percent tariff, but now repairs in other foreign countries would also face a new 70-percent duty—unless waived under strict new conditions.

The reintroduced bill and the EO follow the recent determination by the U.S. Trade Representative (USTR) that determined China has an “unreasonable” dominance of maritime, logistics and shipbuilding capabilities that harm American commerce.

That ruling came after a nine-month probe into China’s activities in those sectors, which was spurred by five unions alleging that the country’s domestic shipbuilding industry has been unfairly propped up by state subsidies and ship-purchasing mandates.

Both the reintroduced bill and the executive order serve as an extension of President Trump’s wider protectionist platform, which has largely served to deter Chinese influence on American interests.

The most notable action from the administration has been the imposition of 145-percent tariffs on Chinese goods, effectively escalating ongoing trade tensions into a full-blown trade war.

Other co-sponsors for the SHIPS for America Act include Sens. Lisa Murkowski (R-Ark.) and John Fetterman (D-Pa.).

Source: sourcingjournal.com– May 02, 2025

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Where things stand in the US-China trade war

BEIJING, China (AFP) — China has said it has received overtures from the United States for talks on tariffs — but warned it will need concessions as proof of "sincerity" before any negotiations can take place.

The world's two largest economies are locked in a titfor-tat tariff war that threatens hundreds of billions in trade and has roiled global markets and supply chains.

AFP looks at how the trade war between China and the United States is playing out:

WHAT STEPS HAVE THE TWO SIDES TAKEN SO FAR?

The United States has raised tariffs on Chinese imports to 145 per cent, with cumulative duties on some goods reaching a staggering 245 per cent.

As well as the blanket levies, China is also under sector-specific tariffs on steel, aluminium and car imports.

Sales of Chinese goods to the US last year totalled more than US$500 billion — 16.4 per cent of the country's exports, according to Beijing's customs data.

China has vowed to fight the measures "to the end" and has unveiled reciprocal tariffs of up to 125 per cent on imports of American goods, which totalled US$143.5 billion last year, according to Washington.

Beijing has filed complaints with the World Trade Organization (WTO), citing "bullying" tactics by the Trump Administration.

And it has gone after American companies, scrapping orders for Boeing planes, probing Google for "anti-monopoly" violations and adding US fashion group PVH Corp — which owns Tommy Hilfiger and Calvin Klein — and biotech giant Illumina to a list of "unreliable entities".

Beijing has also restricted exports of rare earth elements — critical in the manufacturing of everything from semiconductors to medical technology and consumer electronics.

WHAT'S BEEN THE IMPACT SO FAR?

Beijing has long drawn Trump's ire with a trade surplus with the United States that reached US$295.4 billion last year, according to the US Commerce Department's Bureau of Economic Analysis.

Chinese leaders have been reluctant to disrupt the status quo.

But an intensified trade war will likely mean China cannot peg its hopes for strong economic growth this year on its exports, which reached record highs in 2024.

US duties further threaten to harm China's fragile POSTCOVID economic recovery as it struggles with a debt crisis in the property sector and persistently low consumption.

The tariff war is already having an impact in the United States, with uncertainty triggering a manufacturing slump last month and officials blaming it for an unexpected slump in gross domestic product (GDP) in the first three months of the year.

"The cost on the US economy and livelihood is beginning to surface," Mei Xinyu, an economist at the state-affiliated Chinese Academy of International Trade and Economic Cooperation, told AFP.

"They are starting to truly feel the cost and impact of pursuing trade hegemony with China," he said.

The head of the WTO said in April that the Us-china tariff war could cut trade in goods between the two countries by 80 per cent.

Analysts expect the levies to take a significant chunk out of China's GDP, which Beijing's leadership hope will grow five per cent this year.

Likely to be hit hardest are

China's top exports to the United States — everything from electronics and machinery to textiles and clothing, according to the Peterson Institute of International Economics.

And because of the crucial role Chinese goods play in supplying US firms, the tariffs may also hurt American manufacturers and consumers, analysts have warned.

ARE TALKS LIKELY?

US President Donald Trump has repeatedly claimed that China has reached out for talks on the tariffs.

But last Friday's statement by Beijing suggested it was Washington that's been reaching out.

While China's commerce ministry said it was "evaluating" the offer, it warned it would need concessions from Washington — namely the lifting of tariffs — before talks could go ahead.

"Tariffs cannot be used as a bargaining chip to pressure China. China cannot make any concessions on the tariff issue," Wang Wen, Dean of Chongyang Institute for Financial Studies at Renmin University of China, told AFP.

Analysts in China broadly agreed that pressure on the US economy was driving Washington's call for talks.

Source: pressreader.com– May 04, 2025

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Australia's apparel imports rise 6.46% to $6.53 bn in Jul-Mar FY25

Australia's imports of apparel and clothing accessories (classified under code 84) increased by 6.46 per cent to Au$10.116 billion (~$6.530 billion) during July 2024–March 2025, the first three quarters of fiscal 2024–25 (July–June), according to the latest trade data released by the Australian Bureau of Statistics (ABS). The country had imported apparel and clothing accessories worth Au$9.462 billion during the same period in 2023–24. However, there was a minor month-on-month (MoM) decline in imports in March 2025.

Imports of textile yarn, fabrics, and made-up articles (classified under code 65) also rose by 5.22 per cent, reaching Au$3.486 billion (~$2.250 billion) in the first nine months of the current fiscal, compared to Au$3.304 billion in the same period last fiscal. Conversely, fibre imports (classified under code 26) fell to Au$86 million, down from Au$96 million during the period under review.

In March 2025, imports of apparel and clothing accessories decreased by 0.57 per cent to Au$1.035 billion, down from Au$1.041 billion in March 2024.

Imports of textile yarn, fabrics, made-up articles, and related products eased to Au$348 million, compared to Au$356 million in March 2024. Fibre imports declined to Au$9 million from Au$10 million in March 2024.

Meanwhile, Australia's exports of textile fibres (code 26) were valued at Au$4.851 billion (~$3.131 billion) during July 2024–March 2025, marking a 13.37 per cent decrease from Au$5.600 billion in the corresponding period of the previous year. Exports in March 2025 fell by 15.26 per cent to Au$333 million, compared to Au$393 million in March 2024.

In fiscal 2023–24, Australia's apparel and clothing imports totalled Au$12.231 billion (~$7.748 billion), a decline of 5.2 per cent from Au$12.903 billion recorded in 2022–23. Similarly, imports of textile yarn and fabrics dropped by 9.40 per cent, from Au$4.825 billion in 2022–23 to Au$4.371 billion (~$2.767 billion) in 2023–24.

Australia exported textile fibres worth Au$7.053 billion (~$4.465 billion) in 2023–24, representing a decline of 13.97 per cent from Au$8.199 billion in 2022–23. Notably, Australia remains a significant producer and exporter of cotton.

Source: fibre2fashion.com– May 04, 2025

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US manufacturing sector expands marginally in Apr: S&P Global Ratings

The US manufacturing sector expanded only marginally in April this year, amid subdued growth in new work and a further fall in output, according to S&P Global Ratings.

Although order books were supported by domestic demand, tariffs resulted in heightened uncertainty and a noticeable drop in new export sales.

Confidence in the outlook fell to its lowest since last June, while job losses were recorded for the first time in six months.

Tariffs reportedly led to steep increases in both input costs and selling prices. Output charges notably rose to the greatest degree in over two years, a release from S&P Global Ratings said.

The seasonally adjusted S&P Global US manufacturing purchasing managers' index (PMI) recorded 50.2 in April, unchanged since March. Although above the crucial 50 no-change mark for the fourth consecutive month, the index again signalled only a marginal expansion.

Manufacturing production declined for a second month in a row during April, albeit marginally and at a slower pace than in March. This partly reflected ongoing gains in new work, for which April's survey indicated a fourth successive monthly rise.

Some firms reported that sales had risen on the back of clients switching, where possible, to US produced goods due to tariffs on imports.

International sales fell and acted as a noticeable drag on total new order book growth, which was marginal overall and the softest recorded in 2025 so far.

New export orders declined to the greatest degree since last November. Tariffs were reported as the key reason behind the decline in new export sales.

Panellists noted an increased apprehension in product markets, mainly around the future direction of US trade policy. This served to weigh on confidence.

Although many firms expect to see growth in production over the next year, linked in part to hopes that tariffs will boost domestic-based manufacturing, sentiment overall dropped to its lowest since last June.

Supply disruptions and cost concerns, again linked to tariffs, were widely noted. Present price trends showed input prices rising at a fractionally slower pace than in March, when costs had increased to the greatest degree since August 2022.

Tariffs PMI Input Prices and exchange rate factors were cited as pushing up the price of inputs during April. In response, firms sought to protect margins by increasing their own selling charges to the greatest degree since early 2023.

Tariffs were also reported to have led to some modest supply-side disruptions. Average lead times lengthened for a seventh successive month in April, and to the greatest degree for two-and-a-half years. This was despite a reduction in demand pressure as purchasing activity declined for a second month running, the rating agency noted.

Meanwhile, stocks of finished goods in the United States were reduced for a fifth month in a row, and to the greatest degree of the year so far. In some instances, subdued sales forecasts led firms to adjust their inventories downwards.

Lacklustre growth in order books and uncertainty about future prospects meant on an average, manufacturers reduced employment for the first time since last October, generally by choosing not to replace leavers at their plants.

Capacity remained sufficiently high to ensure backlogs of work were cut for a thirty-first successive month.

Source: fibre2fashion.com– May 04, 2025

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Japan’s apparel imports from China fall 7.6% in 2024, hit 4-year low

Japan’s apparel imports from China declined further to $11.232 billion in 2024, down 7.61 per cent from $12.158 billion in 2023. Imports from China have now fallen for four consecutive years.

Japan imported apparel worth $13.878 billion from China in 2021. This figure dipped slightly to $13.811 billion in 2022, then declined further to $12.158 billion in 2023, according to Fibre2Fashion's market insight tool TexPro.

In volume terms, Japan imported 2,075.052 million garments at an average price of $4.90 per unit in 2024. Additionally, the country imported 1,574.743 million pairs of other types of apparel at an average price of $0.46 per pair, and 11.095 million kg of other garments at an average price of $29.88 per kg.

In 2023, Japan had imported 2,200.995 million garments from China at an average price of $5.04 per unit. It also imported 1,589.313 million pairs and 9.821 million kg of garments, with average prices of $0.48 per pair and $31.18 per kg, respectively.

Jerseys were the most prominent apparel category imported from China. Japan’s imports of jerseys totalled $2,375.623 million, accounting for 21.15 per cent of total apparel imports in 2024. Trousers and shorts followed at $1,597.952 million, or 14.23 per cent, as per TexPro.

Among the top five apparel categories, shirt imports were valued at $1,055.404 million (9.40 per cent), innerwear at $919.487 million (8.19 per cent), and T-shirts at $871.251 million (7.76 per cent) in 2024.

Source: fibre2fashion.com– May 04, 2025

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German economy to slowdown amid rising US tariffs: IFO

The Ifo Institute fears that the German economy will contract again as early as the summer. Tightened US tariff policies prompted early goods purchases, which temporarily boosted German exports and industrial production, leading to a 0.2 per cent GDP increase in Q1 2025, according to the Ifo Institute.

"However, the noticeable increase in tariffs on imports from the EU that came into force in April and the threat of further tariff increases weighed on the further course of the economy in Germany," said Timo Wollmershäuser, head of forecasts at ifo.

The results of the ifo Business Surveys from April also point to a decline in economic output. The ifo Business Climate has improved slightly, recording its fourth consecutive rise. However, this was mainly due to an improved assessment of the current situation, while the outlook for the coming months deteriorated, particularly among industrial companies.

According to Wollmershäuser, it is not yet clear whether these assessments will be confirmed in the coming months. "At the same time, industrial companies have reported a sharp increase in uncertainty, which means they are currently finding it more difficult to assess their business than usual." In particular, the US administration's shift in economic policy harbours risks. Opportunities could arise if the new German government takes swift decisions.

Source: fibre2fashion.com– May 04, 2025

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UK manufacturers face tough operating backdrop in Apr: S&P Global

UK manufacturers faced a tough operating backdrop in April this year, with market uncertainties rising, client confidence retreating and cost pressures intensifying, according to S&P Global Ratings.

At 45.4 in April, the seasonally adjusted S&P Global UK manufacturing purchasing managers' index (PMI) remained below the neutral 50 mark for the seventh straight month.

The headline PMI was up slightly from March's 17-month low of 44.9 and above the earlier flash estimate of 44.

Manufacturing production contracted again in April, albeit to a slightly lesser extent than in March, as output was scaled back in response to reduced intakes of new work from both domestic and overseas markets.

Panellists reported that rising economic and trade uncertainties (including prospective US tariffs) had drained confidence from both consumer and business-to-business clients, resulting in an increased reluctance to commit to new contracts, S&P Global Ratings said in a release.

These factors also led to a comparatively large contraction of output and new work received at investment goods producers, suggesting that subdued market confidence was hitting demand for capital goods especially hard.

The total level of new business placed with UK manufacturers contracted for the seventh month in a row in April.

Similar to the picture seen for production, the rate of decrease in new work received remained substantial despite easing slightly since the prior survey month.

New export orders fell at the quickest pace in almost five years, with demand from the United States, Europe and China all lower.

Anecdotal evidence indicated that weak client confidence, trade uncertainty (including prospective US tariffs) and generally quiet global markets had all weighed on export demand.

The tough current backdrop, rising cost pressures and increased uncertainty at manufacturers and their clients alike led to lower business optimism, reduced staff headcounts and cutbacks to purchasing and stocks during April.

Business optimism fell to a 29-month low, with 47 per cent of the panel expecting output to rise over the coming year.

Manufacturing employment declined for the sixth month running in April. The rate of job losses accelerated and was the second-sharpest in almost five years.

Many firms noted that lower staff headcounts were necessary to offset the impact of rising national insurance contributions, increased minimum wages (and the knock-on effect to higher pay grades) and other cost rises.

Source: fibre2fashion.com– May 04, 2025

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Egypt's RMG Council to boost exports to $12 billion by 2031

Egypt's RMG Council aims to increase its exports to $12 billion by 2031. The council has also revised its annual export target for 2025 by 35 per cent to $3.8 billion, from its previous projections.

In March 2025, the Council increased its RMG exports by 27 per cent Y-o-Y to approximately $262 million as against $206 million in March 2024, as per figures released by the Ready-Made Garments Export Council.

The council registered strongest monthly growth in February 2025, when its exports rose by 35 per cent compared to the same period last year. On the contrary, exports in January 2025 registered a modest growth of 11 per cent.

The largest destination for the Council's RMG exports remains United States, with RMG exports worth $102 million in March 2025. This was followed by the European markets with exports worth $66 million, while exports to the Arab nations totaled $40 million. The Council's exports to other international markets totaled $53 million while exports to non-Arab African countries stood at approximately $1.2 million.

Source: fashionatingworld.com– May 02, 2025

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Nigeria's decision to set up Textile-Garment Development Board hailed

The National Union of Textile, Garment and Tailoring Workers of Nigeria (NUTGTWN) recently commended the government for approving setting up of a Textile and Garment Development Board.

In a statement, the union termed the decision a bold initiative to revive the country's long-neglected textile industry.

"It is commendable that the current administration is taking practical steps to re-industrialise the country and restore the labour-intensive textile and garment industry," the union's general secretary Issa Aremu Godonu Ali Baba said.

The union is optimistic about the board backing modernisation of the textile value chain, enhancing labour productivity and repositioning the industry for global competitiveness.

The union said the board will be privately driven, with input from public sector stakeholders. It will be funded through the textile import levy collected by the Nigeria Customs Service, according to domestic media reports.

The board will include governors from Nigeria's six geopolitical zones, along with the ministers of agriculture and food security, budget and economic planning, and industry, trade and investment.

The union pledged to intensify its efforts and expand activities in areas of capacity building, conflict resolution, and national and international solidarity.

Source: fibre2fashion.com– May 03, 2025

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Bangladesh: Investment at stake as gas crisis chokes textile, RMG factories

Production in many textile mills has slumped to just 30 to 40 percent of capacity, as gas pressure plummets across key industrial zones, including Narayanganj, Gazipur, Bhulta, Maona, and Tongi, according to manufacturers.

For textile units, consistent gas supply is a must for uninterrupted operations. These mills use gas for generating electricity, powering spinning machines and producing steam in boilers for fabric dyeing.

The authorities have increased the gas tariff recently, with promises of improved supply.

But many mill owners say there has been no relief even after the latest price hike as production at some factories in the industrial belts has come to a grinding halt due to zero gas pressure.

For more than a week, Israq Spinning Mills Ltd in Gazipur has been running below 50 percent capacity.

"Our daily production capacity is 170 tonnes of yarn, but due to low gas pressure, we are only managing 75 tonnes a day," said Fazlul Haque, managing director of the factory.

Another yarn spinner, Khorshed Alam said that their daily capacity is over 25,000 pounds.

"But we failed to produce even 9,300 pounds of yarn yesterday," said Alam, chairman of Little Group.

Mohammad Hatem, executive president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), said that the sector needs over 2,000 million cubic feet of gas daily, while current supply stands at just 1,000 mmcfd.

Currently, the primary textile sector, which covers spinning, weaving, dyeing, finishing and printing, has investments over $25 billion, while the garment industry accounts for over $30 billion.

Together, they form the backbone of Bangladesh's export economy.

These sectors now face a dual blow. While domestic energy shortages disrupt productions, US President Donald Trump's reciprocal tariffs on US imports add a layer of unpredictability.

Although the new tariffs are paused for 90 days, it has left Western buyers hesitant, delaying new work orders for next summer and autumn. But brands and retailers are in a wait-and-see mode.

This has an implication on the local manufacturers.

"Demand for yarn has dropped in the local market following the US tariffs. Buyers are indecisive about placing new orders," said Israq Spinning MD Haque.

To ease the industrial gas crisis, BKMEA Executive President Hatem suggested the government import an adequate amount of liquefied natural gas (LNG) urgently.

Showkat Aziz Russell, president of the Bangladesh Textile Mills Association (BTMA), said the crisis has hit a critical level.

"Many units are unable to run. The past week has been especially severe. We have written to the government several times, but there has been no resolution," he added.

On average, a spinning mill is losing Tk 25 lakh per day, according to BTMA estimates.

Nearly 500 spinning mills are affiliated with the association, and many fear they will be forced to shut down if the situation does not improve.

Meanwhile, industry leaders said this crisis is the latest in a series of shocks over the past couple of years.

The sector has barely recovered from the fallout of Covid-19, the Russia-Ukraine war, currency volatility, and global inflation, and now faces uncertainty from Trump-era tariff policies.

The situation is complicated by the volatile exchange rate and steep depreciation of the local currency Taka.

Two years ago, the US dollar was at Tk 85, while it now stands at Tk 122, squeezing importers of cotton and machinery and leaving many starved of working capital.

"Entrepreneurs are running out of working capital," said Russell. "These repeated blows, both at home and abroad, have left us in a fragile state."

Source: thedailystar.net– May 05, 2025

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NATIONAL NEWS

Donald Trump hints at some trade deals as early as this week, sparking hopes for India

US Trade Deal: US President Donald Trump said his administration might reach trade deals with some countries as early as this week, raising hopes for nations looking to avoid higher US import tariffs.

“It could very well be,” Trump told reporters on Sunday, when asked if any trade agreements were expected soon. He did not name any specific countries.

“We’re negotiating with many countries, but at the end of this, I’ll set my own deals — because I set the deal, they don’t set the deal,” Trump said on Sunday while speaking aboard Air Force One. “You keep asking the same question: ‘When will you agree?’ It’s up to me, it’s not up to them.”

Last week, Trump had said that the United States is eyeing "potential" trade deals with India, South Korea, and Japan.

India is one of several countries now in talks with the United States to avoid high import taxes announced by President Donald Trump. Most of these tariffs have been put on hold for now, but a basic 10% duty still applies, along with earlier tariffs of 25% on steel, aluminium, and car parts.

India’s Commerce Minister, Piyush Goyal, was recently in the United States. His visit is part of plans by President Trump and Prime Minister Modi to start work on the first part of a broad, mutually beneficial Bilateral Trade Agreement (BTA) by autumn 2025. Both leaders had agreed to appoint senior officials to take these talks forward.

US Vice-President J D Vance has called Prime Minister Narendra Modi a “tough negotiator” and accused India of taking advantage of America, while predicting that New Delhi could be among the first countries to reach a trade agreement aimed at avoiding US tariffs. The US vice president said there is a 'good negotiation' going on in India.

Vance said talks were also happening with Japan, South Korea, and “folks in Europe.”

India and the US are aiming for "early mutual wins" before finalising the first phase of their proposed bilateral trade agreement (BTA). They will start in-person meetings on different sectors at the end of May, the government said on Tuesday. This statement came after a team of Indian trade negotiators, led by chief negotiator and commerce secretary-designate Rajesh Agrawal, met their US counterparts during their visit to Washington from April 23 to 25.

Before the April meeting, India and US had reportedly finalised the terms of references (ToRs) for the proposed bilateral trade agreement that include around 19 chapters covering issues such as tariffs, goods, non-tariff barriers, and customs facilitation.

Trump's broad tariff policies have caused global markets to fluctuate, raising concerns about an economic downturn and putting pressure on the US dollar. Last week, data from the Bureau of Economic Analysis showed that US gross domestic product shrank for the first time in three years.

Asian economies, facing some of the highest US “reciprocal” tariffs, have been leading trade talks with the Trump administration, ahead of Western countries. Japan's chief trade negotiator, Ryosei Akazawa, hopes to reach a trade deal with the US by June, following the latest round of talks in Washington last week.

US, China trade talks?

Meanwhile, Trump on Sunday also indicated that his team is having talks with officials from China. Financial markets have steadied over the past two weeks, as signs show that discussions with Asian countries are moving forward and tensions between China and the US may ease.

China has been the main target of Trump's tariff strategy, causing Beijing to respond with its own tariffs, which now reach up to 145% on US goods. China has recently suggested that relations may improve, while Trump told NBC News on Sunday that he is open to lowering US tariffs at some point.

When asked about it on Air Force One, Trump said he has no current plans to speak with Chinese President Xi Jinping.

Beijing confirmed last week for the first time that its authorities are talking to American officials about trade deals. Talks have already started with Trump's team and several other countries, but senior officials still suggest they may eventually impose duties on trading partners.

"At a certain point, I'll be just setting a certain tariff number," Trump said Sunday. "At some point in the next two weeks or three weeks, I'm going to be setting the deal."

"I'm going to say that such and such a country has had a tremendous trade surplus — surplus their way — with us and they've taken advantage of us in various ways, and we fully understand what they were doing," he said.

Source: economictimes.indiatimes.com– May 05, 2025

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'Harming America's textiles sector': US slams 'unfair trade practices' by China, India and others

The United States Trade Representative (USTR) has criticized China and India, among other nations, for unfair trade practices impacting the American textiles and apparel sector. China's non-market policies and India's high tariffs and export incentives are disadvantaging US manufacturers. The EU also faces scrutiny for imposing non-tariff barriers, increasing compliance costs for American exporters.

The United States on Saturday called out multiple countries, among them China and India, over their "unfair trade practices" which it alleged were "harming" America's textiles and apparels sector.

In a social media post, the United States Trade Representative (USTR) said that China's domestic manufacturers were enjoying "unfair competitive advantages" due to non-market policies and practices by China in the textiles and apparel sector.

"These policies are enabling Chinese manufacturers to charge artificially low prices for their products. US textile and apparel manufacturers have been negatively impacted with 28 plants closing in the past 22 months," USTR wrote.

Further, it noted that China accounted for 21% of $79.3 billion worth of apparels imported by the United States in 2024. Chinese e-commerce firms, it stated, were responsible for over 30% of all daily de minimis shipments into America, flooding the US market with "cheap apparel products" while bypassing tariffs and evading trade enforcement mechanisms.

"The influx of cheap apparel has decimated local industries, particularly in the southeast United States," USTR said.

India

According to USTR, American exporters were being "disadvantaged" as the Indian textile industry was benefitting from "high tariffs, opaque quality control rules, and a web of unpredictable import licensing requirements."

On the other hand, the playing field was "uneven" for US manufacturers as India's export promotion schemes and production-linked incentives provided Indian manufacturers with a "competitive edge."

European Union

USTR accused the European Union (EU) of imposing new "non-tariff barriers," leaving US exporters with "burdensome compliance costs."

The "barriers" mentioned by USTR are: eco-design requirements under the EU Strategy for Sustainable and Circular Textiles; "steep" extended producer responsibility fees, and digital product passports with "unrealistic implementation timelines."

Which other countries did USTR call out?

In its social media post, the USTR also called out Bangladesh, Vietnam, Kenya, Cambodia, Turkey, and Peru.

Source: economictimes.com– May 04, 2025

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India-UK trade pact talks may take more time as certain issues remain unresolved: Sources

The conclusion of negotiations for three pacts, including the proposed free trade agreement (FTA) between India and the UK may take some more time, as both sides are yet to resolve certain outstanding issues, sources said.

There are four or five issues in the three pacts that the two countries are negotiating, they added.

The three pacts under negotiation are — FTA, bilateral investment agreement (BIT) and social security pact (officially dubbed as Double Contribution Convention Agreement).

The progress of talks were recently reviewed during meetings between Commerce and Industry Minister Piyush Goyal and UK Secretary of State for Business and Trade Jonathan Reynolds last week in London.

"Certain critical issues are still there. Some more meetings would happen," one of the sources said.

Issues that may need some more discussions included sunset clause in the BIT, UK's new carbon tax and data localisation.

The two sides were preparing to announce the closure of these negotiations on April 29 in London but differences cropped up at the last minute.

Goyal concluded his two-day visit to London on April 29. He then visited Oslo (Norway) and Brussels before returning to London on May 2. The minister is reaching the national capital on Sunday.

Finance Minister Nirmala Sitharaman on April 9 wrapped up the 13th Ministerial India-UK Economic and Financial Dialogue (EFD) with her British counterpart Chancellor Rachel Reeves on a positive note and expressed eagerness to conclude the agreement negotiations soon.

Earlier on February 24, Goyal and UK Secretary of State for Business and Trade Jonathan Reynolds had announced the resumption of negotiations for the proposed FTA between the countries.

The talks resumed after a gap of over eight months. So far, 14 rounds of talks have been completed which were launched on January 13, 2022.

In FTAs, two countries either eliminate or significantly reduce customs duties on maximum goods traded between them. They also ease norms for promoting trade in services and bilateral investments.

The Indian industry is demanding greater access for its skilled professionals from sectors like IT and healthcare in the UK market, besides market access for several goods at nil customs duty.

On the other hand, the UK is seeking a significant cut in import duties on goods such as scotch whiskey, electric vehicles, lamb meat, chocolates and certain confectionary items.

Britain is also looking for more opportunities for UK services in Indian markets in segments like telecommunications, legal and financial services, including banking and insurance.

There are 26 chapters in the agreement, which includes goods, services, investments and intellectual property rights.

The bilateral trade between India and the UK increased to $21.34 billion in 2023-24 from $20.36 billion in 2022-23. The average duty on goods imported from India into the UK is 4.2 per cent.

According to economic think tank GTRI, items including textiles, apparel (shirts, trousers, women's dresses and bed linen), footwear, carpets, cars, marine products, grapes and mangoes would benefit from the pact, as these products face relatively low to moderate tariffs in the UK.

Source: thehindubusinessline.com– May 05, 2025

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India-US trade pact: Relaxed rules of origin may help Indian exporters gain China's share

Eyeing gains from the tariff war between US and China, Indian exporters of certain products, such as garments, machinery and engineering goods, have made a case for relaxed rules of origin (ROO) in the proposed India-US bilateral trade agreement (BTA). They want rules that will allow them to add value with ease to items part-manufactured in Beijing and then export to the American market, sources have said.

The Commerce Department, however, has asked the Indian industry to be cautious for now and abide by existing non-preferential rules of origin in the US. This includes either fulfilling wholly obtained criteria (where the entire product is manufactured in the source country) or meeting the 'substantial transformation' test.

The substantial transformation test seeks to establish that enough manufacturing has taken place in the source country to bring about substantial transformation in the inputs bought from a third country.

"It is important to ensure that Indian exports are not identified by US authorities as transshipments from China or any other country subject to higher import tariffs than India. Otherwise penalties might apply," Commerce Department officials said.

In a recent meeting with representatives from industry bodies such as CII, FICCI, PHDCCI, ICEA and ASSOCHAM chaired by Commerce Special Secretary Rajesh Agarwal, the government acknowledged specific suggestions made by the participants on the need for codification and quantification of value addition norms to keep 'substantial transformation' criteria objective in the US.

Some exporters, however, want the government to insist on relaxed substantial transformation criteria (including low value addition norms) for certain sectors as part of the BTA being negotiated, so that they do not miss out on the opportunity offered by the US-China tariff war.

"We need to take advantage of whatever opportunities we have. If base manufacturing is done in China and the balance manufacturing is done in India with some amount of value addition, it can really boost Indian exports of some items to the US. But for that we need to establish clear rules of origin in the BTA being negotiated that will allow such exports with basic minimal value addition," an exporter of engineering products told businessline.

With China's total goods exports to the US in calendar year 2024 estimated at around $438 billion, there is big opportunity for India to capture at least a small part of the market that Beijing is forced to relinquish because of high tariffs on Chinese products.

India and the US need to agree on the ROO soon, before the actual negotiations begin for the BTA, so that the industry knows what is allowed and prepares accordingly, a garment exporter noted. "For instance, garment manufacturers in India will benefit if they import fabric from China and do the tailoring in India before exporting the final product to the US. But they can't do it till it is clearly established that the ROO allows that. They need to know as early as possible to create capacities accordingly as the window for the tariff advantage is uncertain," the garment exporter said.

10 per cent baseline duty

The US has imposed a 10 per cent baseline duty on goods imported from most countries, including India, and has kept the rest of the reciprocal duty announced separately on each country in suspension for a 90-day period, till July 8. The average import tariffs on Chinese products is much higher at 124 per cent.

India is negotiating a BTA with the US and hopes to not only avoid the balance reciprocal tariffs after the 90-day pause period is over but also get the baseline tariffs reversed.

"We need to act fast and try and get some of China's business. Otherwise, we might lose most of it to competing countries such as Vietnam," the exporter said.

Source: thehindubusinessline.com– May 04, 2025

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Government Prohibits Import of All Goods Originating in or exported from Pakistan to India

The Directorate General of Foreign Trade (DGFT), Ministry of Commerce and Industry, has issued a notification prohibiting import of all goods originating in or exported from Pakistan to India.

This will prohibit import of goods from Pakistan directly or through any other trade route.

The directive, issued via Notification No. 06/2025-26 dated 2nd May 2025, has come into effect immediately. A new paragraph, Para 2.20A, has been inserted in the FTP 2023:

"*Direct or indirect import or transit of all goods originating in or exported from Pakistan, whether or not freely importable or otherwise permitted, shall be prohibited with immediate effect, until further orders. This restriction is imposed in the interest of national security and public policy.*"

The detailed notification is available on the DGFT website at https://dgft.gov.in.

Source: pib.gov.in– May 03, 2025

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India, Belgium discuss ways to boost bilateral trade, investments

India and Belgium have discussed ways to increase boost bilateral trade, foster industrial collaboration, and deepening investments in strategic sectors such as semiconductors, clean energy, defence production, and pharma, an official statement said on Sunday.

The two sides also reviewed progress in EU-India Free Trade Agreement (FTA) negotiations, with both parties recognising the need to address tariff and non-tariff barriers to enhance market access.

These deliberations were held during the visit of Commerce and Industry Minister Piyush Goyal with Belgian Minister of Defence and Foreign Trade Theo Francken and Minister-President of the Flanders region Matthias Diependaele in Brussels on May 2.

"The discussions highlighted growing economic synergies and focused on scaling bilateral trade, fostering industrial collaboration, and deepening investments in strategic sectors such as semiconductors, clean energy, defence production, and pharmaceuticals," the commerce ministry said.

Belgium is India's fifth-largest trading partner within the EU, with bilateral trade reaching $15.07 billion in 2023-24.

Belgian FDI in India has totalled $3.94 billion during April 2000 to September 2024, including a 39 per cent growth ($1.1 billion) in the past year alone.

Source: business-standard.com– May 04, 2025

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US trade deal to boost India's position in global trade: Panagariya

India will come out stronger from the ongoing tariff uncertainty and a bilateral trade deal with the US will place the country "incredibly favourably" in global trading equation, 16th Finance Commission Chairman Arvind Panagariya said on Friday.

He said the trade restrictions by the US on China, Vietnam, and Cambodia will place India in a favourable position in the context of global trade.

"The US clearly wants to decouple from China. US-China trade conflict is here to stay... There has been a long history of this sense within the United States that China has operated rather unfairly," he said, adding that the challenges that India will face on the trade front will become clear in the next three months.

"India, itself, if it actually successfully negotiates a trade agreement with the United States, which I think also will open a door little wider to having an agreement with the European Union and United Kingdom, that will place India in global trade equation incredibly favourably," Panagariya said.

India is negotiating a bilateral trade agreement with the United States, which is expected to be finalised by fall 2025.

US President Donald Trump on April 2 triggered an uncertainty in global trade by imposing reciprocal tariffs on countries with which a trade imbalance. On April 9, Trump announced a 90-day pause on the reciprocal tariffs.

Panagariya said there will also be pressure on India to push labour and land reforms to push manufacturing.

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

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Exporters urge RBI to help boost trade settlement in rupee

Exporters have asked the Reserve Bank of India (RBI) to give adequate publicity to trade settlement in rupee and the currencies of key trading partners (other than the US dollar).

The RBI should provide information on which banks facilitate the local currency trade as better awareness will lead to better use of this service, President of Federation of Indian Export Organisations (FIEO) S C Ralhan told RBI governor Sanjay Malhotra at a meeting last week in Mumbai.

The system of trade with some countries in rupees instead of dollars saves foreign exchange and simplifies trade, he said.

In December 2023, the Foreign Exchange Management (Manner of Receipt and Payment) Regulations were revised to enable cross border transactions in all foreign currencies – including currencies of trading partner countries – and the rupee.

After the Reserve Bank of India (RBI) allowed in invoicing and payment of international trade transactions in rupees and other local currencies, 123 correspondent banks from 30 trading partners have opened special accounts in India to facilitate trade .

The RBI has permitted opening of total 56 Special Rupee Vostro Accounts (SVRO) with 26 banks authorised to deal in foreign exchange transactions. The central bank has also entered into Local Currency Settlement System (LCSS) arrangements with select trade partner countries – UAE, Indonesia and Maldives – for encouraging settlement of cross-border trade in Indian rupee and the local bank of the partner country.

At the meeting Ralhan also raised the issue of slowing credit support to exporters. He pointed out that net outstanding credit to exporters has contracted while exports have gone up. “If credit doesn’t flow quickly and adequately, we’ll lose out on big global opportunities,” FIEO president added.

The support of the RBI was also sought for immediate roll out of the Interest Equalisation Scheme (IES) or interest subsidy schemeto reduce the high cost of credit that Indian exporters face, "The credit cost has become more important as the payment period has been extended by buyers facing liquidity challenges. Many countries help their exporters with cheaper loans or subsidies. In India, without schemes like our exporters are struggling to match prices with global competitors" he said.

"Even when banks approve loans for exporters, only about 35-40% of it is actually used. Often it's because the process to access these funds is complicated, slow, or unclear. We need to fix this so exporters can actually use the money that's been approved for them," Ralhan said.

Source: financialexpress.com– May 04, 2025

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Centre warns industry against transhipment to US; assures clarity on norms

The Commerce Ministry has cautioned the domestic industry to strictly follow the US 'rules of origin' norms while exporting goods to America, as re-routing products from high-tariff countries without substantial value addition could be classified as transhipment and attract higher duties, an official said. The ministry has also assured the industry that all efforts would be made to codify the value addition norms to provide certainty and clarity to exporters, the official said.

The issue was deliberated at length during a stakeholder consultation on India-US trade ties, convened by the ministry on May 2 here. The stakeholder consultation was chaired by Special Secretary in the ministry Rajesh Agrawal. He is also India's chief negotiator for the India-US bilateral trade agreement (BTA).

Transhipment refers to the process of importing products from one country and then exporting to another, usually without significant processing or value addition. In a meeting with exporters last month, Commerce and Industry Minister Piyush Goyal cautioned domestic exporters that they should not use India as a destination for re-routing goods originating from high-tariff countries like China to the US.

America has imposed 145 per cent tariffs on Chinese goods.

Buying goods from countries facing high US import duty and then sending those to America may invite action from the American authorities which could include blacklisting of firms as such exports violate US rules of origin norms. The official said that during the consultation, an overview on the 'rules of origin' followed by the US was provided.

"It included highlighting different concepts used to determine the origin of goods under trade agreements, product-specific rules in sectors like agriculture, apparels and textiles and automotive. Notably, 'substantial transformation' rule for determination of origin was also discussed," the official said.

US Customs and Border Protection case laws as well as various examples/processes were discussed to understand what constitutes 'substantial transformation' of a product.

"The stakeholders were also cautioned about potential risks associated with classification of India's exports as transhipment and advised to adhere to non-preferential rules of origin, either fulfilling wholly obtained criteria or meeting the substantial transformation test," the official added.

Some specific suggestions like the need for codification and quantification of value addition norms were provided by participants to keep 'substantial transformation' criteria objective.

Rules of Origin (RoO) determine the true origin of a product when there's no trade agreement between the US and the exporting country. It is not based on the last country the goods passed through, but on where they were significantly transformed into a new product.

If a product contains a high level of Chinese inputs and doesn't meet US origin standards, it could still be treated as Chinese and face higher tariffs, even if shipped from India, think tank GTRI said.

Now that the US is applying different tariffs to different countries, these origin rules are the primary test for all imports. Indian exporters must understand and follow them carefully to avoid shipment delays, fines, or tariff shocks, it added.

This is of two main types - preferential and non-preferential RoO. The US Customs and Border Protection (CBP) uses two key tests to determine origin - either the product must be entirely grown, mined, or produced in one country; or it should be substantially transformed.

Under substantial transformation, a product must go through a process in a country that gives it a new name, use, or character. Basic steps like assembling parts, packaging, or labelling are not enough.

"Sometimes it's hard to tell what counts as substantial transformation. In such cases, CBP makes the final decision. Exporters must be prepared to justify how and where value was added if they want to avoid having their products reclassified, especially as Chinese, and facing high tariffs," GTRI founder Ajay Srivastava said.

Source: business-standard.com– May 03, 2025

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US slams China's unfair trade practices as 28 textile plants shut down

The United States has issued a sharp warning over China's trade practices in the textiles and apparel sector, citing a pattern of non-market policies.

The Office of the United States Trade Representative (USTR) noted a growing strain on US producers, with 28 US manufacturing plants having closed over the past 22 months. In 2024, the United States imported USD 79.3 billion worth of apparel, with 21 per cent of that coming from China.

Sharing a post on X, the USTR wrote, "In honor of National Textile Day, USTR is calling out the unfair trade practices undercutting the American textiles and apparel sector.

China's non-market policies and practices in the textiles and apparel sector provide unfair competitive advantages to its domestic manufacturers by enabling them to charge artificially low prices for their products. US textile and apparel manufacturers have been negatively impacted with 28 US plants closing in the past 22 months."

In another post, USTR wrote, "The United States imported $79.3 billion worth of apparel in 2024, 21% of which came from China. Chinese e-commerce companies accounted for over 30% of all daily de minimis shipments into the United States, flooding our market with cheap apparel products while bypassing tariffs and evading trade enforcement mechanisms. The influx of cheap apparel has decimated local industries, particularly in the Southeast United States."

According to USTR, the US total goods trade with China was an estimated USD 582.4 billion in 2024. US goods exports to China in 2024 were USD 143.5 billion, down 2.9 per cent (USD 4.2 billion) from 2023. US goods imports from China in 2024 totalled USD 438.9 billion, up 2.8 per cent (USD 12.1 billion) from 2023. The US goods trade deficit with China was USD 295.4 billion in 2024, a 5.8 per cent increase (USD 16.3 billion) over 2023.

Source: business-standard.com– May 04, 2025

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US reciprocal tariffs to exacerbate stress for Indian MSMEs: Ind-Ra

US reciprocal tariffs will exacerbate stress for Indian micro, small and medium enterprises (MSMEs) with moderate to high intensity, India Ratings and Research (Ind-Ra) recently cautioned.

MSMEs with revenue below ₹2.5 billion (~$296.6 million) and investment in plant and machinery below ₹50 million as of March 31, 2024, are counted.

The credit profile of these entities has reverted to pre-COVID level, but the improvement has lagged that of companies whose revenue ranges between ₹2.5-10 billion.

With the worsening of operating conditions owing to the escalation of tariff war in April this year, Ind-Ra expects Indian MSMEs to turn more vulnerable, especially entities in the sectors where the impact of tariff war is negative.

The rating's agency's analysis suggests that as on March 31, 2024, 23 per cent of the MSMEs remained stressed compared to 11 per cent for mid-size corporations (MCs), which are better positioned than pre-COVID levels to manage business cycles.

Ind-Ra believes that any demand slowdown could impact MSMEs more than MCs, although a reduction in interest rates and an improvement in systemic liquidity could provide cushion.

There is notable polarity in the operating and financial metrics of MCs and MSMEs, with the former's operating performance and return on equity (RoE) starkly improving during FY15-FY24 and little-to-no improvement for MSMEs.

An increasing disparity in RoE profiles of MSMEs and MCs was observed and improvement in MSMEs' operating performance remains skewed, Ind-Ra said in a release.

MSMEs' capital expenditure remains subdued in India, while MCs are better placed to withstand financial shocks than MSMEs, Ind-Ra added.

On aggregate, 6 per cent of the 1,898 Indian MSMEs studied are in the high-risk category, holding the total debt outstanding of around ₹81 billion as of FY24, which comprises 16 per cent of the total debt of 1,898 MSMEs.

Only 5 per cent of MCs are in the high-risk category, holding the total debt outstanding of around ₹137 billion as of FY24, which comprises 11 per cent of the total debt of 1,055 MCs.

Source: fibre2fashion.com– May 05, 2025

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MSME credit rises to 20%, $94.92 bn gap remains: NITI Aayog

Between 2020 and 2024, micro and small enterprises accessing credit through scheduled banks rose from 14 per cent to 20 per cent, while medium enterprises increased from 4 per cent to 9 per cent, according to the 'Enhancing MSMEs Competitiveness in India' report by NITI Aayog and the Institute for Competitiveness (IFC). Despite these gains, the report highlights a significant credit gap, with only 19 per cent of MSME credit demand met by FY21, leaving ₹80 lakh crore (~$94.92 billion) unmet.

The Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) has expanded significantly, but still faces significant limitations. To bridge the credit gap and unlock inclusive, scalable finance for MSMEs, the report calls for a revamped CGTMSE, supported by institutional collaboration and more targeted services, NITI Aayog said in a press release.

The report presents a detailed blueprint for unlocking the immense potential of India’s Micro, Small and Medium Enterprises (MSMEs) through systemic reforms in financing, skilling, innovation and market access. It delves into the key challenges affecting the competitiveness of MSMEs in India. Using firm-level data and the Periodic Labour Force Survey (PLFS), it provides recommendations to foster sustainable integration and enhance their incorporation into global value chains.

It focuses on four important sectors - textiles manufacturing and apparel, chemical products, automotive and food processing while highlighting the sector-specific challenges and opportunities that need to be addressed to unlock the potential of MSMEs in India. The report examines current national and state policies, highlighting gaps in implementation and limited awareness among MSMEs.

The report also highlights the pressing issue of skill shortages within the MSME sector. A large portion of the workforce lacks formal vocational or technical training, which hampers productivity and limits the ability of MSMEs to scale effectively.

Many MSMEs also fail to invest sufficiently in research and development (R&D), quality improvement, or innovation, making it difficult to stay competitive in national and global markets. It further points out that MSMEs face barriers in adopting modern technologies due to unreliable electricity supply, weak internet connectivity and high implementation costs.

Despite state government schemes designed to support technological advancement in MSMEs, many enterprises are either unaware of them or unable to access them. In its analysis of clusters, the report finds that upgrading outdated technologies and improving marketing and branding capabilities are critical to improving competitiveness.

The report concludes that despite various MSME support policies and the recent boost to MSMEs through Union Budgets, increased effectiveness is hampered by low awareness. To enhance policy impact, the report recommends stronger state-level design and implementation, emphasising consistent monitoring, better data integration and improved stakeholder engagement in policy development.

India's MSMEs can become a key driver of sustainable economic growth by focusing on targeted interventions, building stronger institutional collaborations and enhancing global competitiveness. It calls for enhanced support for MSMEs through digital marketing training, partnerships with logistics providers and creating platforms for direct market linkages, especially in regions with high growth potential, such as India's northeastern and eastern belts. It calls for a robust, adaptive and cluster-based policy framework at the state level that fosters innovation, enhances competitiveness and enables MSMEs to drive inclusive economic transformation.

Source: fibre2fashion.com– May 05, 2025

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The Fabric of Success: Examining Tamil Nadu's dominance in textile exports

While Tamil Nadu continues its reign as the top textile exporting state in India, a deeper dive into the data reveals a nuanced perspective on its leadership across various textile and apparel (T&A) export sectors. Despite holding a significant overall share, the state's dominance in all categories necessitates a closer examination.

State-wise breakdown of textile exports

In the fiscal year 2024-25, Tamil Nadu contributed $7.99 billion to India's total textile exports of $36.61 billion, capturing 26.81 per cent of the market. The breakdown by export category highlights its strength in readymade garments, cotton yarn/fabrics/made-ups & handloom products, and man-made yarns/fabrics/made-ups.

Readymade garments: Tamil Nadu leads with an estimated contribution of approximately $4.28 billion.

Cotton yarn/fabrics/made-ups & handloom products: Contributes about $2.90 billion.

Man-made yarns/fabrics/made-ups: With an estimated share of around $0.58 billion.

Comparatively, Gujarat, Maharashtra, Karnataka, and Uttar Pradesh also play significant roles in specific export categories, reflecting their unique strengths in cotton processing, synthetic textiles, and powerloom sectors.

The role of integrated ecosystems in export success

Tamil Nadu's textile export success is often attributed to its well-integrated ecosystem spanning from yarn production to garment manufacturing. This integrated approach offers several advantages crucial for export competitiveness. For example, proximity of production stages minimizes transportation time. Similarly, local sourcing and in-house processing reduces operational costs. Increase, oversight ensures high-quality products. Moreover, agility in adapting to market demands and trends.

Tiruppur, the knitwear capital

Tiruppur exemplifies the benefits of such integration. Known as India's 'Knitwear capital,' it hosts spinning mills, knitting units, dyeing facilities, and garment manufacturers in close proximity. This clustering facilitates efficient production and makes Tiruppur a preferred hub for global knitwear buyers. As A Sakthivel from FIEO emphasizes, the integrated nature of Tamil Nadu's textile industry, especially in clusters like Tiruppur, gives the state a significant advantage in meeting global apparel demands.

Beyond integration, factors influencing apparel exports

However, relying solely on integration may oversimplify the complexities of global markets:

- Market access and trade agreements: Crucial for competitive positioning.
- Design and innovation: Essential for consumer appeal and market differentiation.
- Branding and marketing: Critical for enhancing value realization.
- Logistics and infrastructure: Ensures timely delivery and customer satisfaction.
- Policy environment: Shapes export competitiveness through regulatory frameworks.
- Sustainability: Increasingly important for ethical consumerism and regulatory compliance.

For example, Bhiwandi in Maharashtra is a major powerloom center producing a large volume of fabrics. However, the apparel manufacturing sector in the region is not as integrated. While it produces fabric, a significant portion is sent to other centers for garmenting.

Despite being a large fabric producer, Bhiwandi's direct apparel exports might not be as high as regions with more integrated units. This suggests that simply having fabric production capabilities doesn't automatically translate to high apparel exports without a strong garmenting ecosystem and focus.

Thus while Tamil Nadu leads India's textile exports overall, its leadership across all sectors requires deeper understanding. An integrated ecosystem provides a strong foundation but must be complemented by initiatives in design, branding, market access, and sustainability.

The textile landscape continues to evolve, requiring adaptable strategies to maintain and increase global competitiveness. Tamil Nadu's textile export leadership is a testament to its integrated capabilities, yet ongoing innovation and alignment with global trends are essential for sustained growth in the dynamic T&A market.

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