IBTEX No. 58 of 2025 May 09, 2025

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USD	EUR	GBP	JPY
85.63	96.17	113.34	0.59

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INTERNATIONAL NEWS

White House Announces 'Breakthrough' UK Trade Deal

President Donald Trump on Thursday touted a new trade deal with the United Kingdom—the first since his "Liberation Day" reciprocal tariffs were announced in early April.

In a press conference held at the Oval Office, the Commander in Chief told reporters that the deal "includes billions of dollars of increased market access for American exports, especially in agriculture, dramatically increasing access for American beef, ethanol and virtually all of the products produced by our great farmers."

While the announcement was light on specifics—and the finer points of the deal are still being finalized—the president said, "Things are going to move very quickly both ways. The final details are being written up in the coming weeks. We'll have it all very conclusive, but the actual deal is a very conclusive one."

New market access for American chemicals, machinery and industrial products will be included in the treaty, he added. "Furthermore, in a historic step, the deal includes plans that will bring the United Kingdom into the economic security alignment with the United States," Trump said.

A White House fact sheet released soon after the presser included several supporting data points. The deal includes a $5 billion increase in market access for American farmers, ranchers and producers, though it is unclear whether the U.K. has agreed to purchase this amount of goods outright.

The fact sheet also confirmed that the 10-percent universal baseline tariff levied on the U.K. last month with remain in place, creating potential tariff revenue of $6 billion for the U.S. government. Meanwhile, the U.K. has agreed to reduce tariffs on U.S. goods and services from 5.1 percent to 1.8 percent.

The deal places a special focus on automobiles, which represent America's No. 6 biggest export to Britain and the country's top export to the U.S., according to the Commerce Department. Under the deal, the first 100,000 vehicles imported into the U.S. from U.K. manufacturers will be subject to the "reciprocal" duty rate of 10 percent, and any additional cars will be subject to 25-percent duties. This agreement replaces the 25-percent tariff currently in place for foreign vehicles imported into the U.S.

The fact sheet—and Trump's comments—also hinted that aluminum imports, currently subject to the global 25-percent duty rate, may be modified in the future.

Britain's Prime Minister, Keir Starmer, lauded the president's efforts and exalted the two nations' longstanding trade and foreign policy ties.

"We have been absolutely the closest of allies for so many years, keeping the peace through that close alliance, that friendship, we add to that this deal on trade and the economy," he said by phone as reporters listened.

"There are no two countries that are closer than our two countries, and now we take this into new and important territory by adding trade and the economy to the closeness of our relationship," he added. "It is built, as you say, on those notions of fairness and reciprocal arrangements. We've always had a fair and balanced arrangement between our countries. This builds on that hugely important for sectors like car manufacturing and for steel and aluminum and so many others."

While fielding questions from reporters after the announcement, Trump reiterated plans for Treasury Secretary Scott Bessent and U.S. Trade Representative Ambassador Jamieson Greer to travel to Switzerland this weekend to meet with Chinese officials.

Asked if he would consider lowering the 145-percent tariff rate if the talks go well, Trump said, "Well, it could be. I mean, we're going to see; right now, you can't get any higher. It's at 145 so we know it's coming down. I think we're going to have a very good relationship."

"China, as you know, has a tremendous trade surplus with us, and… we just can't have that. I think it's going to be very good for both countries. I would like to see China opened," he added.

Asked whether the meeting will be a formality or a substantive discussion, Trump said, "I think it's going to be substantive. China wants to do something. They have to at this point."

But China is sticking to its guns and continuing to indicate an unwillingness to capitulate to Trump's pressure campaign.

“Let me stress that China’s determination to safeguard our legitimate rights and interests will not change, and our position and goal of defending international fairness and justice and upholding the multilateral trading system will not change,” Foreign Ministry Spokesperson Lin Jian said Thursday.

Trump also alluded briefly to the diminishing trade between the U.S. and China in the wake of the tariff standoff when a reporter asked about falling container volumes at U.S. ports. The sluggish traffic at America’s largest gateways has dockworkers and truck drivers worried about their jobs, the reporter said. The Ports of Los Angeles and Long Beach, which handle about 40 percent of the country’s overall imports, expects imports to drop annually by 35 percent and 38 percent, respectively, for the week of May 4-10.

“That means we lose less money... When you say it slowed down, that’s a good thing, not a bad thing,” the president responded.

Source: sourcingjournal.com– May 08, 2025

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Trump to announce trade deal with 'highly respected' nation on May 8

President Donald Trump announced on Truth Social that he will soon reveal details of a major new trade deal with representatives of a “big, and highly respected, country,” calling it “the first of many.”

The United States may announce trade agreements with some of its largest trade partners as early as this week, US treasury secretary Scott Bessent had recently said, offering no further details on the countries involved.

The administration is negotiating with 17 major trading partners, but had not yet engaged with China, he had said.

Meanwhile, a Chinese Commerce Ministry spokesperson yesterday said Beijing has decided to engage with the US side, taking into account global expectations, national interests and calls from the American industry and consumers.

A high-level economic and trade meeting between China and the United States is scheduled during Chinese vice premier He Lifeng’s upcoming visit to Switzerland from May 9 to 12. He, as the Chinese lead person for China-US economic and trade affairs, will meet Bessent there.

If the US wants to resolve the issues through negotiations, it must face up to the severe negative impacts its unilateral tariff measures have had on itself and the world, acknowledge the international economic and trade rules, fairness and justice, state-controlled Chinese media outlets cited the ministry spokesperson as saying.

Source: fibre2fashion.com– May 08, 2025

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US' textiles & apparel imports rise 9.3% to $26 bn in Jan-Mar 2025

The United States' textile and apparel imports increased by 9.35 per cent, totalling $26.886 billion in January–March 2025, compared to $24.587 billion in the same period of 2024. China remained the largest supplier to the US, holding a 23.89 per cent market share, followed by Vietnam at 15.31 per cent. China's share was slightly down from 24.13 per cent in January–February 2025.

During January–March 2025, apparel imports—which constitute the majority of the US' textile imports—increased by 10.96 per cent to $20.048 billion, up from $18.067 billion in the same period of 2024. Non-apparel imports also rose, by 4.88 per cent, to $6.837 billion, according to the US Department of Commerce's Major Shippers Report.

US apparel imports from India surged by 24.04 per cent, while those from Bangladesh rose by 26.66 per cent. Apparel imports from China also increased, by 4.11 per cent; from Vietnam, by 13.98 per cent; Jordan, 20.80 per cent; Indonesia, 20.00 per cent; Cambodia, 14.70 per cent; Mexico, 2.58 per cent; and Pakistan, 17.51 per cent—among the top 10 suppliers. Imports from Italy declined by 1.32 per cent during the period under review.

In the non-apparel sector, imports from China increased by 2.77 per cent; from India, by 15.66 per cent; Pakistan, 2.55 per cent; Vietnam, 14.76 per cent; Cambodia, 20.41 per cent; and Indonesia, 20.06 per cent. Meanwhile, shipments from Turkiye fell by 9.52 per cent, Mexico by 1.21 per cent, South Korea by 6.85 per cent, and Italy by 7.03 per cent.

During the review period, total US textile and apparel imports stood at $26.886 billion. Man-made fibre products accounted for the largest share, totalling $13.596 billion, followed by cotton products at $11.368 billion, wool products at $786.271 million, and silk and vegetable fibre products at $1,134.861 million.

In 2024, the country's textile and apparel imports experienced minimal growth of 2.66 per cent, reaching $107.723 billion. US apparel imports increased by 1.71 per cent to $79.257 billion, while non-apparel imports rose by 5.42 per cent to $28.465 billion.

In 2023, the US imported textiles and apparel worth $104.959 billion, marking a 20.51 per cent decrease. In 2022, imports rose to $132.201 billion, up from $113.938 billion in 2021, following a sharp decline in 2020, when imports fell to $89.596 billion compared to $111.033 billion in 2019.

Source: fibre2fashion.com– May 09, 2025

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Germany's manufacturing orders jump 3.6% in March

Germany's real (price-adjusted) new manufacturing orders rose by 3.6 per cent in March 2025 compared to February, according to provisional data from the Federal Statistical Office (Destatis). Excluding large-scale orders, the increase stood at 3.2 per cent.

However, the broader three-month comparison revealed a 2.3 per cent decline in new orders in the first quarter (Q1) of 2025 compared to Q4 2024, though excluding large orders, a 0.5 per cent rise was recorded. February 2025 data was unchanged from January, confirming the provisional figure of 0 per cent month-over-month (MoM) growth, Destatis said in a press release.

In March 2025, several key economic sectors contributed to the rise in Germany's manufacturing of new orders. Notable MoM increases (seasonally and calendar adjusted) were recorded in the manufacture of electrical equipment (+14.5 per cent), machinery and equipment (+5.3 per cent), and other transport equipment including aircraft, ships, and military vehicles (+13.0 per cent).

Intermediate goods and consumer goods saw increases of 2.5 per cent and 8.7 per cent, respectively. Foreign demand strengthened overall, with international orders rising 4.7 per cent—driven by an 8.0 per cent increase from the euro area and 2.8 per cent from non-euro area countries. Domestic orders also grew, up by 2.0 per cent compared to the previous month.

Real turnover in manufacturing sector, adjusted for seasonal and calendar effects, rose by 2.2 per cent in March 2025 compared to the previous month. However, calendar-adjusted turnover was 0.4 per cent lower than in March 2024. Revised figures for February 2025 indicated a 0.3 per cent increase over January 2025, slightly above the previously reported 0.2 per cent, added the release.

Source: fibre2fashion.com– May 09, 2025

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ASEAN manufacturing contracts in April as output declines sharply

The S&P Global ASEAN Manufacturing Purchasing Managers' Index (PMI) declined for the second consecutive month in April, slipping below the 50.0 threshold for the first time since December 2023. Falling to 48.7 from 50.8 in March, it marked the sharpest deterioration in operating conditions since August 2021.

The beginning of the second quarter reflected a renewed weakening in the region's manufacturing health, with notable declines in both output and new orders. In response to reduced production needs, companies scaled back purchasing activity and trimmed workforce numbers. Business sentiment also took a hit, with confidence in future output reaching its lowest level since July 2020.

In April, the two key components of the PMI—new orders and output—saw renewed and marked declines, ending 13- and six-month growth streaks, respectively. Both experienced their steepest downturns in 44 months. Reflecting reduced production needs, firms cut back on purchasing activity for the first time in six months. Although modest, the decline was the sharpest since August 2021. Employment also fell for the second month running, with April's job shedding slightly outpacing that of March, S&P Global said in a press release.

Staffing levels declined only slightly, yet the rate of reduction was the sharpest recorded since April 2024. S&P Global ASEAN Manufacturing PMI (seasonally adjusted), where a reading above 50 indicates an improvement from the previous month.

Reduced purchasing activity led to a decline in input inventories for the first time in three months. This drop in demand also eased pressure on supply chains, resulting in a marginal improvement in supplier performance—the first in a year. Cost pressures softened in April, with input costs rising only modestly and at the slowest pace in four-and-a-half years. Selling price inflation held steady and remained subdued overall, added the release.

Although firms retained a broadly positive outlook for the year ahead, overall sentiment declined significantly, with confidence dropping below the historical average to its lowest level since July 2020.

"April PMI data revealed a concerning picture for ASEAN goods producers, as the sector fell back into contraction for the first time in 16 months. Both output and new orders recorded renewed contractions, accompanied by reduced purchasing activity and a deepening downturn in job shedding," said Maryam Baluch, economist at S&P Global Market Intelligence.

"Even more troubling was the slump in confidence observed in April, which reached a 57-month low, signalling a significant loss in sentiment among manufacturers. This decline in confidence raises concerns about the sector's ability to recover in the near term and suggests that firms may be bracing for further challenges ahead."

Source: fibre2fashion.com– May 08, 2025

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Maersk Cuts 2025 Container Outlook: China Capacity 'Not Available Elsewhere'

Maersk now expects a possible decrease in worldwide container volumes for 2025 on the backdrop of U.S.-levied tariffs on global trading partners and a trade war with China.

While the ocean carrier previously anticipated global container volume growth to be 4 percent in 2025, the outlook has been revised to be in a range of 4 percent growth to a 1 percent contraction.

The container outlook remains closer to that of maritime advisory Drewry, which expects global container volumes to fall 1 percent in 2025 because of the trade policies.

Maersk maintained its full-year profit guidance, which included underlying earnings before interest and taxes (EBIT) between $0 and $3 billion.

The EBIT is based on the potential increased supply-demand imbalance that comes with new ship deliveries, as well as the impact of the Red Sea crisis on capacity. Vincent Clerc, CEO of A.P. Moller-Maersk, said during a first-quarter earnings call he expects the Red Sea issue to last for the full year, despite President Donald Trump's insistence that the Houthis would cease firing on ships in and near the waterway.

As has been observed by U.S. West Coast ports as import bookings out of China plummeted throughout the month, China-to-U.S. volumes dropped 30 percent to 40 percent in April, according to Clerc. The CEO said Maersk was able to reallocate cargo to other areas where there's still strong demand.

According to Clerc, shippers will have to get their hands on as much inventory as possible, but it will all depend on how much merchandise companies expect to sell, as well as how much can be domestically sourced from local distributors.

"Let's be clear. If we don't [strike more trade deals] before the summer, it's going to start to hurt quite a lot across the board because there are certain commodities and certain things where you can't really substitute some of these imports freely in terms also both in terms of SKU, but also in terms of quantities," Clerc said during the call. "The capacity that there was in China is not available or readily available elsewhere to support the U.S. market."

Maersk's observed volume drop is similar to Gemini Cooperation partner Hapag-Lloyd, which said in April that its customers had canceled 30 percent of shipments to the U.S. from China.

Volumes on this trade lane make up 5 percent of Maersk's total, while the remaining 95 percent comprising the rest of the world operates with "unchanged demand," Clerc said.

Out on the trans-Pacific trade lane, Sea-Intelligence says blanked sailings account for 19 percent of the total Asia-to-North America West Coast planned capacity over April and May. Seventeen percent of the total Asia-to-North America East Coast planned capacity, across those two months.

This amounts to a year-over-year capacity reduction of 4 percent to 5 percent on both trans-Pacific trade lanes.

"While the Chinese volume drop will be partially offset by uptake elsewhere in Asia, it does not seem likely that gains in the rest of Asia can offset the loss from China," said Alan Murphy, CEO of Sea-Intelligence, in the weekly briefing shared Thursday. "This could result in even more blank sailings in the coming weeks, and possibly lead to a significant drop in spot rates."

Maersk has not cancelled a trans-Pacific sailing since the U.S. imposed escalating tariffs on China that are now at 145-percent. Since April, the Gemini Cooperation has withdrawn about 20 percent to 21 percent of its capacity, but the alliance has focused less on blank sailings, instead opting to use vessel swapping, Clerc says.

"So you have an 8,000-20-foot equivalent unit (TEU) ship, and the demand drops by 40 percent—you swap the 8,000 with a 6,000-TEU ship that helps soften that," Clerc said. "Then you deploy your 8,000-TEU ship in another trade where the 6,000 was before and where there is better demand and where you can get better asset utilization going forward…But I want to be clear on the fact that we are managing capacity down to demand. We'll continue to do that, and we're doing it as aggressively as any other alliance."

Clerc noted that while ocean freight rates have declined sequentially for three quarters in a row, they have been "some of the most stable they have been in the last few years" over the past six-to-eight weeks.

According to Drewry's World Container Index, global ocean spot freight rate averages composited across eight major trade lanes have decreased 4.2 percent to $2,076 per 40-foot container.

Maersk reported revenue growth of 7.8 percent to $13.3 billion on net underlying profit of $1.15 billion. The shipping giant's stock was little changed Thursday, inching up more than 1 percent after the earnings report.

Source: sourcingjournal.com– May 08, 2025

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Trump's Policies Are Roiling Africa's Garment and Textiles Industry

For a tiny southern African nation that President Donald Trump said that "nobody has ever heard of," Lesotho appears poised to shoulder the brunt of his so-called "reciprocal" tariffs, which are set to replace the "universal" 10 percent rate on U.S. imports when a 90-day pause wraps up in early July.

At 50 percent, Lesotho's threatened duty is higher than any other country save China, which is currently grappling with a 125 percent tariff. For the White House, this is simple calculus: In 2024, the United States imported $237 million worth of goods from Lesotho. In return, Lesotho imported just $2.8 million of American-made products. This, the president has claimed, just isn't fair.

But Lesotho is a country that is already on the precipice, with 75 percent of its 2.3-million-strong population classified as either poor or vulnerable to poverty. Its gaping trade deficit stems not from unequal trade but from the fact that garment manufacturing forms a significant part of its economy. Some 75 percent of the jeans, T-shirts and polo shirts its dozen-or-so factories pump out every year, in fact, are destined for brands such as Levi Strauss & Co., Calvin Klein, The Children's Place and Walmart in the United States.

The work isn't especially profitable, but it's been more stable than anything in the informal economy. The sector's 12,000 mostly female workers earn a minimum wage that ranges from 2,582-2,860 Lesotho loti ($141-$156), or roughly one-third of what would amount to a living wage in the capital of Maseru, according to the WageIndicator Foundation. A big part of their livelihood has relied on the duty-free benefits their products receive under the 25-year-old African Growth and Opportunity Act, or AGOA, which expires in September with no sign of a possible renewal and, in any case, has been rendered effectively moot with the 10 percent "Liberation Day" tariff.

A program manager at a nonprofit in South Africa, who requested anonymity in order to be able to speak freely, isn't sure Lesotho can survive the 90 days, let alone make it to September. He's heard widespread reports of factories holding back orders because their buyers are waiting to see if cooler heads in the White House will still prevail. He expects workers to be furloughed, if not laid off completely. Even the 10 percent tariff will exert undue pressure on suppliers' already razor-thin margins if they're expected to pick up the tab.

"This is just one of the things that is going to create a crisis for Lesotho," the person said. "You can only imagine as well the amount of exploitation that might happen: the increase in trafficking and the rise in gender-based violence. Parents who are desperate will start trafficking their children. I don't think they can take the squeeze."

The 30-plus other AGOA nations, many laden with heavy foreign debt, are in a similar tailspin, though some more than others. While goods from Ethiopia, Ghana and Kenya have been hit with a 10 percent proposed tax, no different from the "universal" rate, those from Mauritius, Madagascar and South Africa face duties above 30 percent.

The tariffs also arrive as sub-Saharan Africa is still coming to terms with the withdrawal of billions of dollars of U.S. Agency for International Development funding for programs involving medical care, education and economic development. Far from instilling fairness, experts say that the United States risks upending what have been cornerstones of trade and diplomacy with the African continent, with repercussions beyond balancing its ledger.

"President Trump's decision to increase tariffs on AGOA-eligible countries, alongside the administration's dismantling of USAID, could have a devastating impact on the workers and communities who benefit from the textile and apparel sector in the regions," said Kenya Wiley, policy counsel and fashion law professor at Georgetown University. "It not only goes against the original intent of AGOA—to reduce trade barriers and foster economic development in sub-Saharan Africa—but it also comes at a time when the administration should be working with Congress and industry stakeholders to strengthen the trade program during its 25th anniversary year, and before AGOA's expiration."

Sandra Zhao, co-founder of Zuri, a line of $160-$210 dresses sewn in Kenya using batik fabrics from Ghana, India and Kenya, isn't prepared, either for the tariffs or the disappearance of AGOA. She operated on the assumption that things would work out since support for Africa has been bipartisan. With Zuri's first shipment under the 10 percent tariff rate en route to the United States, reality is starting to set in.

"We're working with our factory in Kenya to try and figure out what we need to do, but part of the challenge with all of this is that there's very little information; there's been so much unpredictability and backtracking and change," she said. "It almost feels like do-it-and-find-out, which is really not a way that any small business wants to run, especially when we're very conscious of costs and trying not to pass it onto our customers or put it on our producers. We are internally trying to assess what is our appetite like? What is our ability to absorb?"

Zhao is bracing herself for September, when there might be more clarity on where import taxes stand. Making the clothes in the United States isn't an option because it would waver from the sustainable employment focus of Zuri's ethos, which is very much grounded in improving conditions in the global South. Plus, it would still have to import the fabrics and buttons it would need.

"At the end of the day, we do this work because we want to make beautiful clothing, but also because we're very conscientious about the ability to have a lasting, positive impact through sustainable jobs," she said. "And there certainly could be a point where we have to say we can't do it because it's important for us to pay our vendors fairly. It's impossible for us to imagine that we would go to a point where we would have to squeeze them when they're already operating in very challenging circumstances."

The 'wrong direction'

For more than two decades, trade groups like the American Apparel & Footwear Association have held up AGOA as a success story for both U.S. brands and African suppliers. The organization, which represents household names such as American Eagle Outfitters, Gap Inc., J.Crew Group and H&M Group, has been growing increasingly frustrated at the deal's stagnation, which it partially attributes to a decline in trade that it says multiplies economic benefits for a traditionally underserved population: women. In 2024, AGOA imports totaled $8 billion, down 13 percent from $9.3 billion in 2023 and 22 percent from $10.3 billion in 2022.

"U.S.-Africa policy seems to be going in the wrong direction," said Steve Lamar, president and CEO of AAFA. "We should be signaling to our members to make long-term sourcing decisions in Africa through a long-term renewal of AGOA, which is set to expire in just under four months.

Instead, the Trump administration is encouraging companies to avoid Africa by imposing crushing tariff burdens."

Washington's "parallel actions" to terminate programs funded by USAID and the Department of Labor's Bureau of International Labor Affairs, which "strengthen the ability of African communities and workers to be better trade partners," only make this situation worse, he said. Putting "America First," he added, means providing U.S. workers with a level global playing field.

"We urge the Trump Administration to refocus on the natural leverage created by AGOA, and which has shown demonstrated benefits for U.S. industries and workers—including the American cotton and textile market—during its 25-year history, to maintain U.S. leadership on the continent and to ensure that our thriving partnership is not usurped by others who do not share our values," Lamar said.

The turmoil is an acute one for Paloma Schackert, co-founder and chief operating officer of Ethical Apparel Africa, a sourcing and manufacturing social enterprise in Benin and Ghana. Part of its work has been helping local manufacturers become export-ready, both in terms of technical competence and compliance. Because "no investor is going to pay for six to nine months of training and intensive support," Shackert said, Ethical Apparel Africa leaned heavily on a $3 million grant from USAID, "which is now gone." The company is in its second round of layoffs.

"What that means in practice for the local SMEs is we're no longer able to support them to make that drive to sustainability and to export, so we've had to completely let that work go, which is very painful, because they already have made so much progress," she said, using an acronym for small and medium-sized enterprises. "So factories that were on the cusp of being able to export and scale jobs are no longer able to progress. And it means that brands are able to source less than they want to from the region."

Losing AGOA would weigh even more heavily because of what it means for medium-to-long-term investments in the continent, especially those involving vertical integration for textiles, Schackert said. Coalescing capacity-building efforts, allowed to fully manifest, could provide alternatives for businesses looking to diversify away from Asia—even provide a counterpoint to China's massive manufacturing engine.

“Those efforts are definitely going to be highly derailed, because these programs were not only building just a temporary skill set, they were bringing those skills to the people of Africa, who are mainly agri-based economies, by giving them skills which are going to last with them for the lifetime,” said Vikas Budhiraja, senior vice president at ARISE Integrated Industrial Platforms, which develops industrial ecosystems across the continent. Many of them are “greenfield” factories, meaning they were built on previously undeveloped, probably rural, sites. For now, it’s too early to say how his business will be affected.

“Africa could have been avoided at this juncture, because on one side we are seeking another AGOA renewal, so that we become a self-sustained supply chain-centric continent, rather than importing most of our stuff from other countries, like China, India, Bangladesh and Vietnam,” he said. “If AGOA does not happen and tariffs make exporting goods more expensive, we would not be in a position where we can directly compete with the mature textile and garment destinations despite the young manpower and abundant raw material like cotton.”

And while African nations may try to mitigate losses by pivoting toward the European Union, the African Continental Free Trade Area and Asian markets, reorienting trade flow takes time, investment and new market development, said Daphne Kasambala, founder of Meekeno, a B2B wholesale e-commerce platform for African SMEs. Considering their integration with the U.S. garment industry, Lesotho, Madagascar and Mauritius could stand to lose the most from the proposed tariffs. If U.S. orders drop “as expected” because goods become more expensive, she added, factories will scale back or close, potentially shedding thousands of jobs and, ironically, driving an even larger trade deficit.

“What makes these tariffs particularly devastating is their unpredictability. They call into question whether African countries can rely on U.S. trade preferences as a long-term strategy,” she said. “In effect, they penalize the very economies that AGOA was designed to uplift, despite these countries playing by the rules. At a time when Africa is seeking to boost value-added exports and integrate into global supply chains, moves like this erode confidence, stifle investment and push manufacturers toward more stable trade environments in Asia or elsewhere. If the goal is to compete with China, undermining one’s own partners is a puzzling strategy.”

Confronting China

Countering China's growing influence in sub-Saharan Africa will also prove more difficult without high-road businesses that have instituted some guardrails against exploitation—however effective they might ultimately be. China axed tariffs on goods from 33 African nations in December. Joanna Maiden, founder and SEO of Soko Kenya, an ethical clothing factory that provides its workers with in-house training and free childcare and lunch, worries that it and others that seek to side-step their even-higher tariffs, could swoop in as "investors" that are only interested in leveraging the continent's low-wage labor and won't consider broader questions of infrastructure and human resource needs. As it stands, Soko Kenya has lost USAID grants that allowed it to provide gender-based upskilling programs involving reproductive health and combating sexual violence. It also expects to train fewer students this year.

"Every time I go to an international fashion event, like a trade show or a conference, I always get told, 'Oh, Africa is the next continent,'" she said. "But, on the ground, I see us really struggling in terms of how we don't have everything around the corner, like India, China, Bangladesh and the other manufacturing hubs. We don't have the raw materials, we don't have the trims, we don't have the generations of experience in terms of efficiency and how to set processes up. And so we need that external expert knowledge on the ground to support us and to gain efficiencies and to be more competitive. And the fear is that we fall further behind."

At the same time, this could be a wake-up call for Africa, said Natalie Schrogl, lead management consultant at Cassini Consulting in Munich, where she specializes in Africa-European relations. She said that the G20 summit in South Africa in November could allow for the further reconfiguration of trade deals that are less one-sided and more diversified.

"When you think about most of the partnerships that we've had, they've not really been equitable," Schrogl said. "We really need to make sure that we're pushing for agreements that are not unilateral—agreements that somebody cannot just wake up and decide they want to change something without considering that they are affecting a whole economy. These are more than tariffs. These are jobs. These are livelihoods."

As far as she's concerned, AGOA is dead in the water and will remain that way as long as Trump is in office. And even then, the United States will have a long road ahead if it hopes to regain Africa's trust.

"It was supposed to be a win-win; we are fragile and this shows another level of fragility because we've been literally exposed," Schrogl said. "But I think the question that I ask myself is, have we ever been partners?"

Lesotho likely wishes that Trump had continued to remain ignorant of it. A 50 percent tariff, on top of AGOA's expiration, could decimate an entire industry that only recently came to terms with its endemic culture of gender-based violence and harassment, forging the world's first binding agreement tackling the same in 2021 and setting the stage for the similar Dindigul Agreement to Eliminate Gender-Based Violence and Harassment and Central Java Agreement for Gender Justice in 2022 and 2025, respectively. U.S foreign aid played a significant role in facilitating that.

While the Trump administration says that Lesotho charges a 99 percent tariff on U.S. goods, the country's government is unclear how it arrived at that number. And according to the United Nations Trade and Development Program, collecting that 50 percent retaliatory duty would only contribute 0.019 percent of U.S. tariff revenues.

"It's a very desperate situation, especially when you look at its HIV statistics and think about how it's going without aid and without proper treatment," the South African program manager said. "We were only beginning to shift the needle. Gains will be delayed. And if there aren't any more buyers, what will happen to that country?"

Source: sourcingjournal.com– May 08, 2025

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India-Pakistan Port Bans Trigger Delays, Rate Hikes and Capacity Crunch

Supply chain delays out of India and Pakistan are expected to hit ocean carriers as both countries closed off port access to each other.

India's restrictions are more nuanced than Pakistan's, which are a blanket prohibition of the import and transit of Indian goods. A May 2 decree banned vessels which have cargo from Pakistan onboard, including empty containers, from calling at Indian ports.

Vessels carrying Pakistan-originated cargo that departed before the restriction are not permitted to berth at Indian ports until such cargo is discharged elsewhere.

The ban is expected to cause delays and could leave some cargo to be turned away from Indian ports like Mumbai, Mundra and Nhava Sheva.

Complicating matters, the restrictions in place will make it "nearly impossible" for carrier services to make direct vessel calls to Pakistan's Port of Karachi or Port Qasim after stopping at Indian ports, according to freight forwarder OEC Group.

A report from India Shipping News indicated that a Hapag-Lloyd container ship, the Nagoya Express, called at Port Qasim on May 1 and was due at Nhava Sheva on May 3. But the vessel instead ended up diverting south to the port of Colombo, Sri Lanka, likely to transship the Pakistani cargo to the U.S. East Coast.

That report also said that the CMA CGM Bianca vessel en route to Mundra turned back on May 1 to Pakistan to offload cargo it previously picked up in the country.

Erik Rosica, account executive at OEC Group, said Thursday that ocean carriers will have to reroute vessels or create new sailings as the restrictions linger.

"It's going to create another space issue," Rosica told Sourcing Journal. "It's going to be difficult getting vessel space, because there's probably going to be such a demand and a shortfall of space now that they're splitting the surfaces essentially."

Rosica said that most importers will be affected in a similar capacity regardless of which country they are picking up cargo from, but he noted that customers who need their goods quicker like those in high fashion, will suffer due to the adjustment period involved.

Along with the delays the capacity problems would cause, as well as potential port congestion in hubs like Singapore or Colombo, shippers would likely have to deal with rising freight rates out of the south Asian neighbors.

"We've already seen rates on the rise from India in the last month or so," said Rosica. "There have been a regular increase over the past six weeks, so this will only exacerbate that situation. Unfortunately, customers now they have the tariffs to worry about, plus now the ocean rate will start coming up from that region."

Rates are bound to jump another way. The conflict has now resulted in CMA CGM announcing an $800 per container emergency operational recovery surcharge for Pakistani containers headed to Europe, the Mediterranean, the U.S. and Africa. The same surcharge will be applied to cargo entering Pakistan from Asian countries.

A separate $300 per container surcharge is levied on containers headed to Pakistan from Europe, the Mediterranean, the U.S. and Africa, as well as those leaving Pakistan for Asia.

The extra charges are effective May 15 for most trade lanes and June 6 for U.S., Latin America and Australia cargo.

CMA CGM says the measure has become "necessary," as the ongoing geopolitical developments in the region, which have significantly impacted the liner's operations.

"The surcharge is essential to maintaining the continuity, safety, and reliability of our services during this period," the company said in a customer advisory.

Other major container shipping companies haven't established surcharges yet, but that will likely.

"Once one car gets the ball rolling, the others kind of follow suit. If it looks like it's going to stick," said Rosica. "It's the same way with general rate increases (GRIs). A lot of times, MSC, because they're the biggest ocean carrier, would be the first to set a precedent for what an increase might be. Then the others will usually fall in line. But I don't think they're going to be the only ones."

Hostility between the south Asian countries escalated in the wake of the April 22 massacre of 26 tourists by Pakistani militants in the historically disputed Kashmir region.

The tensions have further reached a boiling point, with India and Pakistan trading missile strikes across Wednesday and Thursday.

Source: sourcingjournal.com– May 08, 2025

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Trucking Capacity Tightens as Tariffs Derail Early 2025 Momentum

Trucking's attempts to escape a three-year freight recession have been largely unsuccessful, but the start of 2025 indicated the arrow was possibly pointing in the right direction. Then tariffs kicked in.

In the first quarter, national trucking volumes tumbled 13.8 percent from the year prior, the best year-over-year reading since the third quarter of 2023, according to the quarterly U.S. Bank Freight Payment Index.

The volume decline was an improvement over the 15.7 percent dip in 2024's first quarter. Total shipments have fallen for 11 straight quarters.

Performance varied widely among regions, with southwest volume down 40.1 percent annually—the largest decline in the index's history—while northeast shipments increased 2.1 percent. Shipments out of the Midwest fell 13.9 percent year over year, while volumes out of the southeast sank 9.3 percent.

"Lower housing starts and major weather events during the first part of the year negatively impacted the truck freight market. On the other hand, truck freight in the Northeast was boosted by stronger retail sales and increased imports," said Bob Costello, senior vice president and chief economist at the American Trucking Associations (ATA), in a statement. "All told, there are some signs of improvement amid persistent headwinds for the trucking industry."

Spending, the other major metric measured by the index, dropped off 8.6 percent to begin the year, marking the ninth straight year-over-year decline. The index measures quantitative changes in freight shipments and spend activity based on data from transactions processed through the U.S. Bank Freight Payment platform, which processes $43 billion in freight payments annually.

However, that was the smallest reduction in two years, since the first quarter of 2023. Spending had declined more than 20 percent for four straight quarters.

With carrier spending declining less than volume, that suggests that industry capacity is tightening as some fleets reduce their truck and driver counts, and other fleets exit the industry altogether.

On a year-over-year basis, trucking transportation jobs have largely held up, according to data from the Bureau of Labor Statistics (BLS). Preliminary BLS data tallies 1,524,500 truck drivers for April, down 0.3 percent from 1,528,500 drivers in the prior-year month. On a month-over-month basis, employment is up 0.1 percent from 1,523,100 in March.

But layoffs across the industry are starting to creep in that could officially take hold in the coming months. Trucking companies like Volvo Group and Mack Trucks, Penske Logistics and U.S. Xpress have all begun select job cuts in recent weeks, while multiple businesses in that time have filed for bankruptcy.

A recent presentation from asset management firm Apollo Global Management projects that mass layoffs across the trucking and retail sectors will accelerate in late May to early June as the knock-on effects of Trump administration’s tariffs play out.

The dearth of cargo flowing into West Coast ports as businesses cancelled shipments out of China has a direct spillover to the trucking industry, as drivers will be picking up fewer loads and making fewer deliveries. A collapse in demand further would sink freight rates and likely force more companies to employ fewer drivers or cut more trucking capacity.

April freight appointments from ports, warehouses and distribution centers sank 41 percent from March, according to dock appointment scheduling platform DataDocks. These problems are most exacerbated in the Northwest (61 percent) and West (52 percent) regions, further illustrating the issues that were foreseen out on the West Coast.

Recent earnings calls from companies like Knight-Swift, Old Dominion, TFI International and Saia all reflected some level of concern regarding demand softness.

Another top less-than-truckload (LTL) firm, XPO, saw its North American LTL division decline 4 percent to $1.17 billion from $1.22 billion in its first quarter on a 7.5 percent decrease in tonnage per day and 5.8 percent decline in daily shipments.

However, the trucking company held up well compared to its competitors, with April tonnage estimates down 5.7 percent year over year—an improvement over 6 percent declines seen in January and February. The company expects second-quarter volumes to remain down "a similar range" to April, said XPO's chief strategy officer Ali Faghri in an April 30 earnings call.

CEO Mario Harik did indicate there was a more "cautious" tone from customers.

"The majority of customers are expecting to see a flattish demand in the back half as opposed to what they were a quarter ago, where the majority were expecting an acceleration of demand in the back half," said Harik.

Source: sourcingjournal.com– May 08, 2025

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Pakistan: National cotton policy: KCA hails APTMA-PCGA decision

The Karachi Cotton Association (KCA) has taken note of recent reports in the electronic media indicating that the All Pakistan Textile Mills Association (APTMA) and the Pakistan Cotton Ginners Association (PCGA) are collaborating to draft a National Cotton Policy, formulate a standardized sale/purchase contract for raw cotton, and work towards the revival of cotton production in the country.

The KCA has expressed its appreciation for these efforts and reaffirmed its commitment to supporting initiatives aimed at revitalizing Pakistan's cotton sector.

The KCA recalled that it has been consistently urging all stakeholders in the cotton economy to come together and develop a joint strategy for the government's consideration to boost cotton production. The objective is to meet the growing demands of the local textile industry, generate surplus for export to earn foreign exchange, and reduce reliance on cotton imports to conserve the country's valuable foreign reserves.

However, despite repeated invitations, the KCA has yet to receive a positive response from other key players in the cotton trade for reasons that remain unclear.

The association has repeatedly urged the government to take necessary steps to enhance cotton quality, improve bale packaging, and ensure a standardized weight of 170 kg per bale for the benefit of the entire cotton trade and industry.

The KCA emphasized that cotton exporters, as secondary buyers, play a crucial role in stabilizing the market and protecting the interests of cotton growers. It further stressed that any National Cotton Policy should only be finalized after thorough consultations with all stakeholders, including the KCA, which serves as the premier body of Pakistan's cotton trade.

The KCA highlighted that it had previously developed a draft for a local sale/purchase contract for raw cotton, incorporating provisions for arbitration under its bylaws in case of disputes between buyers and sellers.

This draft was shared with APTMA and PCGA for approval. While PCGA endorsed the proposal, APTMA's approval remains pending. The KCA believes that since the draft contract was the result of extensive deliberations and has already been approved by both KCA and PCGA, APTMA should also consider endorsing it to avoid unnecessary delays in finalizing a new draft.

The KCA has called upon the government to ensure that any National Cotton Policy is finalized and approved only after comprehensive consultations with all relevant stakeholders, including the KCA.

Additionally, the association has urged authorities to implement measures aimed at increasing cotton production, improving quality, standardizing bale weights, and enhancing packaging to support the broader cotton trade and industry.

Source: brecorder.com– May 09, 2025

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NATIONAL NEWS

Trade deal to cut 12% duty on textiles, clothing exports

The India UK free trade agreement will boost textile and clothing exports by bringing down the import duty to zero from 12 per cent and enable India to compete with other Asian countries.

At present, Bangladesh enjoys certain advantages in the global textile and clothing trade due to its large production capacities and dutyfree access to strategic markets, such as the European Union and the UK. In contrast, Indian exports to these markets have faced tariff barriers ranging from 8 to 12 per cent, making products less competitive compared to those from Bangladesh, Pakistan, Turkey and Vietnam.

India currently accounts for 7 per cent of the UK's textiles and clothing imports, while Bangladesh holds 15 per cent. The gap is expected to narrow significantly over the next three years with tariff parity now in place.

MARKET STRENGTH

Siddhartha Rajagopal, Executive Director, the Cotton Textiles Export Promotion Council, said the zero tariff for Indian textile and clothing exports is expected to create a level playing field for Indian exporters, on par with other South Asian suppliers who already enjoy duty free access.

India's vertically integrated textile value chain, skilled workforce, and commitment to sustainability and ethical manufacturing are increasingly aligned with the sourcing priorities of UK buyers, he added.

India still faces relatively higher logistics, labour and compliance costs, but the ongoing reforms and government incentives — such as the PLI scheme, Remission of Duties and Taxes on Exported Products (RoDTEP) and Rebate of State and Central Taxes and Levies (RoSCTL) — are steadily improving cost structures and operational efficiency, he said.

Suresh Nair, Indirect Tax Partner Consumer Products and Retail, EY India, said, addressing raw material costs and meeting environmental/ regulatory compliances will be critical to maximising gains.

Shaleen Toshniwal, Chairman of Manmade and Technical Textiles Export Promotion Council, said to capture a larger share of the UK market, India must leverage the inherent advantage of a vertically integrated domestic supply chain to offer speed and flexibility in delivering orders.

Source: thehindubusinessline.com– May 08, 2025

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U.K. government officials defend FTA with India

Faced with concerns around migration and tariffs, the U.K. government found itself having to defend a comprehensive "free trade" agreement (FTA) with India, announced by Prime Minister Narendra Modi and U.K. Prime Minister Keir Starmer on Tuesday (May 6, 2025). The U.K. Department of Business and Trade issued an infographic on X on Thursday (May 8, 2025), about the trade deal, titled, "Let's clear some things up", addressing issues around national insurance (social security) contributions, migration and tariffs.

"This is the biggest trade deal the U.K. has done with a single trading partner since leaving the EU," the government said in response to the criticism that the impact of the deal was marginal. The U.K. government said it had a first mover advantage in India, "a huge market where opportunity is growing year by year".

Addressing the criticism that lower tariffs were only beneficial to India, the U.K. government, in its message on Thursday (May 8, 2025), said India would cut tariffs on £400 million of U.K. goods, highlighting gin, whisky and a quota system for U.K. car exports to India.

On immigration, the statement said, "It will not be cheaper to higher Indian workers rather than British workers," emphasising that employers would still need to make National Insurance contributions and bear visa costs and the health surcharge (a payment made during the visa application process to access Britain's National Health Service).

Earlier in the week, Indian High Commissioner to the U.K., Vikram Doraiswami, had told LBC Radio that the FTA was "never about visas" , neither in the period when the Conservative Party was in power and not under the current Labour government.

The Conservative Party, which is battling for space on the right with Reform UK, the nativist party that made gains in last week's local elections, was among those leading the charge against the Labour government on the trade deal. Conservative Party leader Kemi Badenoch, who was the U.K. Business and Trade Secretary in 2023 and 2024, accused the government of agreeing to "two-tier" taxes. Her position, however, was at odds with members of her own party, some of whom praised the deal.

Trade Minister Jonathan Reynolds made media appearances on Wednesday (May 7, 2025), defending the clauses of the deal – particularly on the sensitive issues of migration and labour costs. Reform UK's leader, Nigel Farage, had said the trade deal had "sold out British workers".

"We have agreements of this kind with 50…50 other countries…with the U.S., Canada, Japan, South Korea, Chile," Mr. Reynolds told Times Radio, with regard to the clause exempting some Indian and British workers employed in the U.K. and India, respectively, from paying into their host countries' social security systems for a period of three years.

"This is not something new or novel to the agreement, it means our people pay into our system, and their people pay into their system," he said.

Mr. Starmer termed the criticism "incoherent nonsense" in the House of Commons on Wednesday (May 7, 2025).

New Delhi had referred to the national insurance exemption as a "huge win" in a government release.

There is more activity for the Starmer government on the trade front this week, with the U.K. and the U.S. are expected to announce a trade deal later on Thursday (May 8, 2025).

Source: thehindu.com– May 08, 2025

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India-UK FTA: New opportunities beckon Indian fashion retailers and brands

The just concluded Free Trade Agreement (FTA) between India and the UK, a culmination of over three years of negotiations, will significantly impact India's fashion and apparel market. While it aims to boost trade and strengthen strategic partnership between the two, its implications for domestic consumption patterns, the entry of UK brands, and the flow of apparel imports into India warrants a closer examination.

FTA overview

The India-UK FTA is a comprehensive trade agreement designed to foster closer economic ties. Key provisions include

• Tariff reductions: The UK will eliminate tariffs on Indian textile and apparel imports. India, in turn, will reduce tariffs on several UK exports.

• Social security and visa provisions: The FTA also includes agreements on social security contributions for Indian workers in the UK and streamlined visa processes for business travel.

• Economic impact: The UK government estimates a substantial boost to its economy. For India, the FTA is expected to enhance trade, attract investment, and create jobs.

Impact on Indian fashion and apparel market

As per UK Department for Business & Trade, 2024 statistics, pre-FTA, UK tariffs on Indian apparel was 4 to 12 per cent; post-FTA it will be 0 per cent on 99 per cent of Indian exports. It will impact Indian garments which will be 8-10 per cent cheaper, boosting demand for cotton merchandise and home textiles. As of 2024 India holds 5.6 per cent share of UK's apparel imports, which is £3.2 billion and by 2030 the target is to have 12 per cent share or £4.35 billion. The FTA's influence on the Indian fashion and apparel market can be viewed from several angles.

Increased competition and consumer choice: It is likely to encourage more UK fashion brands to enter the Indian market. This could lead to greater choice for Indian consumers, with access to a wider variety of styles, trends, and price points.

Imports of fashion & apparel: Reduced tariffs could make UK apparel imports more competitive in India. This may lead to a rise in import of UK fashion products, potentially affecting domestic apparel manufacturers.

Opportunities for Indian retailers and brands: While increased competition is a factor, the FTA also presents opportunities for Indian retailers and brands. They can leverage the agreement to source high-quality UK fabrics and accessories at more competitive prices; collaborate with UK designers and brands to bring innovative products to the Indian market; expand their own export operations to the UK, taking advantage of the reduced tariffs.

Shift in consumer preferences: Exposure to UK fashion trends and brands could influence consumer preferences in India. This will lead to greater demand for western wear and contemporary styles and high-quality branded apparels. Also, sustainable and ethically produced fashion will increase.

Textiles and apparel imports into India and FTA’s impact

While India is a major exporter of textiles and apparel, there is also a flow of imports, including those from the UK. Historically, India's imports of textiles and apparel from the UK have been relatively small compared to its exports to the UK. This is due to factors, like India's strong domestic textile industry and cost competitiveness in many segments. However, the UK is known for its high-value, premium fashion, and specialized textiles. India's imports from the UK may include high-end fashion apparel from UK luxury brands; specialized textiles, such as fine fabrics, niche materials, or technical textiles used in specific applications; designer wear and exclusive fashion items.

The FTA's tariff reductions are likely to make UK textile and apparel imports more price-competitive in India. This could lead to a gradual increase in imports, particularly in categories where UK brands have a strong reputation or where UK products offer unique value. Increased imports may affect domestic manufacturers, especially those competing in similar product segments.

However, it could also stimulate them to improve quality, design, and innovation to stay competitive. Indian consumers will benefit from a wider range of choices and potentially lower prices on UK fashion brands.

Impact on domestic manufacturers

The FTA presents both challenges and opportunities for Indian apparel manufacturers. While increased competition from UK brands, especially in the premium and luxury segments, could put pressure on domestic players. The FTA can help Indian manufacturers access cheaper raw materials from the UK and integrate into global supply chains. Exports to the UK will also get a boost as UK retailers like M&S, ASOS among others are diversifying away from China.

Thus the India-UK FTA is expected to reshape the Indian fashion and apparel industry. While increased competition from UK brands and imports is a likely outcome, the agreement also offers significant opportunities for Indian manufacturers and retailers to increase their reach, upgrade their capabilities, and integrate into the global fashion market. The ultimate impact will depend on how Indian businesses adapt to the changing landscape and leverage the opportunities presented by the FTA.

Source: fashionatingworld.com– May 08, 2025

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India-UK FTA to take over 15 months to fructify

The India-UK Free Trade Agreement (FTA) will require at least fifteen months for implementation, including three months for "legal scrubbing" of the text and a year more for its ratification by the British Parliament, sources have said.

"The broad contours of the text have been officially shared by the two countries. But further details will be made available after discussions with the UK to ensure that both sides are on the same page. The detailed text would be ready once its joint legal vetting is over, which may take about three months," an official told businessline.

Once the legal vetting of the India-UK FTA is done, it will then be sent to the British Parliament for ratification, which can take about one year, the official added.

Low tariffs

The decision to lower tariffs on alcohol and automotives was a pragmatic one and helped India's cause, the official said. "We have been holding on to alcohol and auto and that has led us to lose out on gains in other sectors such as textiles, gems & jewellery and footwear," the official said adding that there would be gains in the two sectors as well.

India's concessions on Scotch whisky offered under FTA did not come with a Minimum Import Pricing (MIP) condition, which was demanded by the Indian industry.

"The duty cut will not hurt Indian industry and consumers, and in fact, it will create jobs in the bottling segment," the official said.

As per the agreement, India will reduce duty on UK whisky and gin from 150 per cent to 75 per cent and further to 40 per cent in the tenth year of the deal.

In the automobile sector, only a small opportunity had been opened up for the UK which would be gradually provided over 10-15 years, the official added. "No low-cost or futuristic cars are being allowed through the FTA with UK. We have kept the automobile industry in the country in the loop and have come up with offers only after consultations," the official said.

The quota for tariff concessions are being offered based on engine capacity for Internal Combustion Engines (ICE), and on price bands for electric vehicles (EVs).

On the vexed issued of the Carbon Border Adjustment Mechanism (CBAM), UK's tax on carbon-intensive imports scheduled to be implemented from January 2027, the official said that India had reserved its right to retaliate. "It has been agreed that if the UK introduces CBAM, India has the right to retaliate. Moreover, if India introduces its own carbon levy to tax these products and issues certification of equivalent taxation, then these items will not be taxed in the UK," the official said.

The India–UK FTA, announced on May 7, will lead to tariff elimination on about 99 per cent of the tariff lines covering almost 100 per cent of the trade value for India. Bilateral trade in goods and services is expected to double to $120 billion by 2030.

Source: thehindubusinessline.com– May 08, 2025

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Caution and optimism: On India's FTA with the United Kingdom

The Free Trade Agreement (FTA) between India and the United Kingdom marks a strong step towards securing India's bilateral ties in an increasingly fragmented global trade environment. The key highlight for India is that 99% of its exports will attract no duties.

Apart from being hailed by business leaders, industry associations representing sectors such as engineering goods, apparel, and gems and jewellery — each among the top Indian exports to the U.K. — have expressed strong optimism for future trade growth. Engineering exports, for example, are expected to nearly double to $7.55 billion by 2029-30, according to the Engineering Exports Promotion Council of India.

Overall bilateral trade is expected to double to $120 billion by 2030. The other major win is that Indian workers temporarily working in the U.K. and their employers will be exempt from making social security contributions for three years. This is likely to ease the hiring of Indian workers in the U.K. The FTA also eases the movement of professionals and investors, which should go some way in reviving India's flagging foreign direct investment levels.

On the flip side, India has agreed to cut its tariffs on 90% of the tariff lines imported from the U.K., with 85% of these to be reduced to zero tariff within a decade. While the reduction in automotive tariffs is unlikely to meaningfully change the price-conscious behaviour of Indians, the slashing of import duties on whiskey and gin will increase competition in India and perhaps slow the ongoing premiumisation trend.

Although the Modi government has been quick to criticise the FTAs signed by the UPA for putting India at a disadvantage, some of its own FTAs have faced the same issue. The India-UAE CEPA (2022), for example, has seen India's trade balance worsen over the years.

The FTA with Australia, too, has not resulted in gains for Indian exports. Indian farmer organisations — opposed to the U.K. FTA since talks began — are up in arms over the reduced tariffs on lamb and salmon and other edible products. Here, too, the government must act to ensure that India's farmers, already in a low-income, low-margin situation, are not elbowed out.

Then, there is the fact that trade experts agree that the India-U.K. FTA will be the template for future agreements with the EU and the U.S. India must be careful here. While the U.K. is a relatively small trading partner, the EU and the U.S. deals — when they happen — will have a more significant impact. India has already cut import duties on several food and auto products in line with U.S. demands. With a less than 2% contribution to global exports, Indian manufacturing needs to be helped, not undermined.

Source: thehindu.com– May 08, 2025

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Assocham for upgrade of state, central policies to boost MSMEs

The Associated Chambers of Commerce and Industry of India (Assocham) has suggested reforms in national and state policies across sectors to enhance the ease of doing business for small enterprises and build a globally competitive micro, small and medium enterprises (MSME) ecosystem in the country.

The industry body, in a paper titled 'Ease of Doing Business in the Indian States: Deregulation for Business to Prosper', highlighted regulatory barriers in the form of building and construction laws, environment, labour and logistics regulations that restrict the growth of MSMEs.

"The paper decodes state-specific issues and calls for tailored interventions that reflect the unique governance models and economic conditions of each region," said Manish Singhal, secretary general, Assocham.

National level

It called for modification of building and construction laws, reducing number of no-objection certificates required and allowing third-party technical licensors to issue construction permits.

The paper outlined best practices across states, such as Andhra Pradesh, which allows private building surveyors to approve buildings under 15 metres, and Maharashtra, which introduced separate licensing terms and reduced fees for MSMEs. The industry body also underscored the need to amend environmental regulations that misclassify low-polluting industries as high-polluting, along with lengthy environmental approval processes.

Assocham proposed expanding ambit of white category industries or non-polluting industries, and accurate classification of industries by the Central Pollution Control Board. It suggested strengthening the single-window system to eliminate offline submissions.

Source: economictimes.com– May 09, 2025

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