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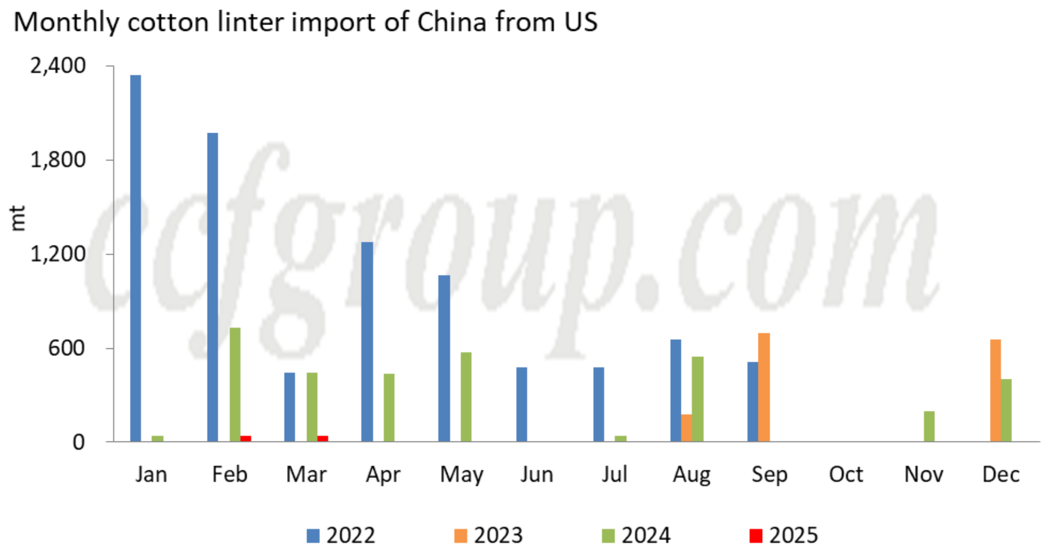
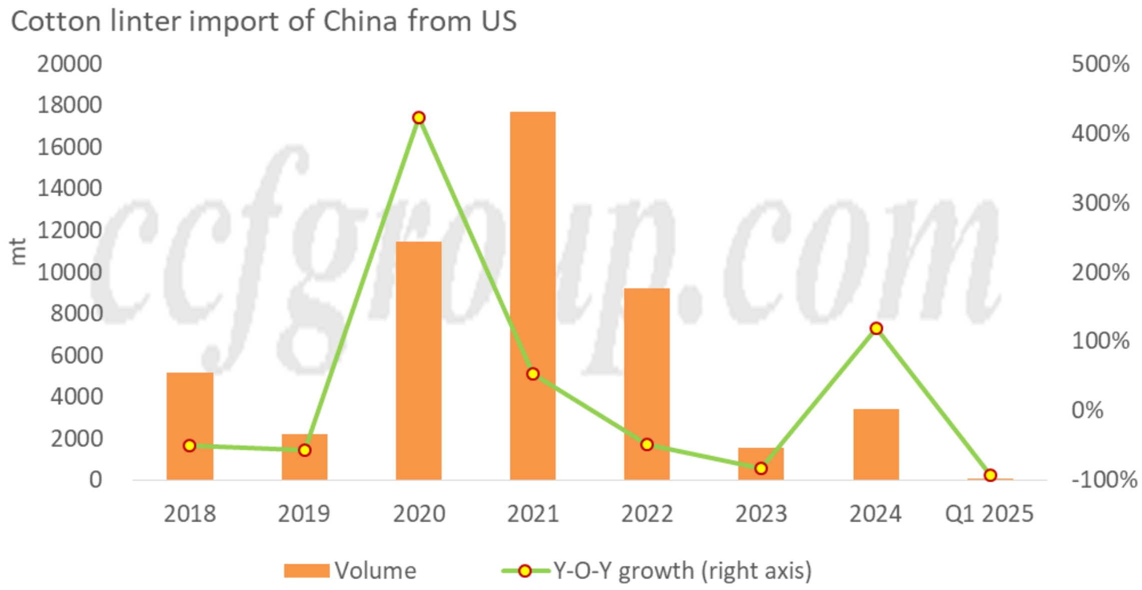
**NATIONAL NEWS**

# INTERNATIONAL NEWS

## The substantial tariff reductions beneficial to cotton linter imports from U.S.?

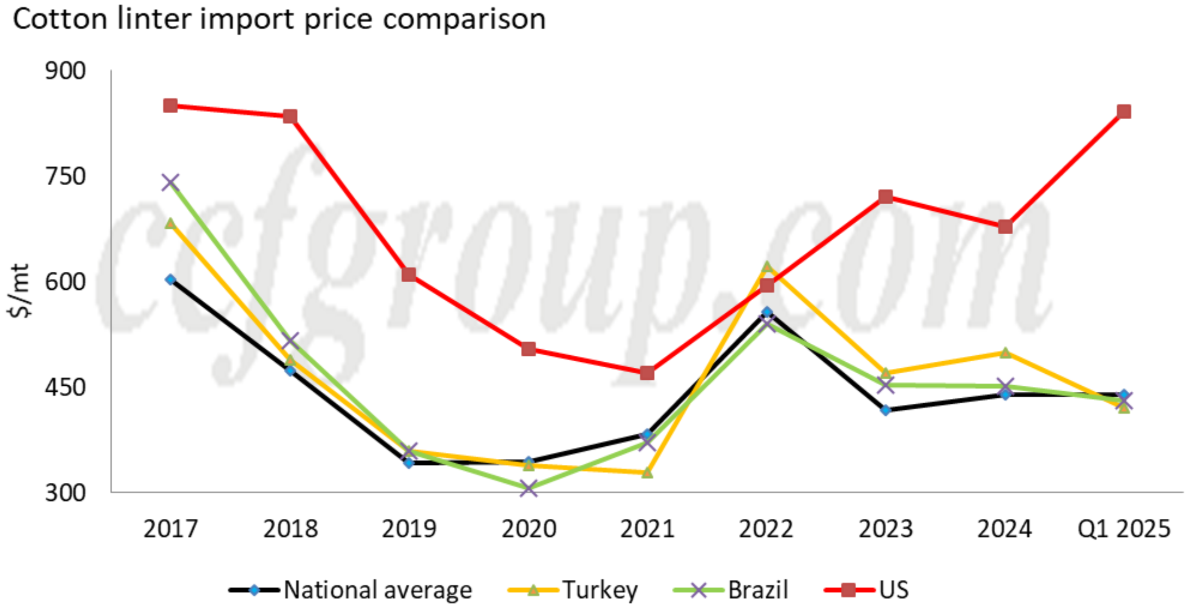
Recent developments show that China and the U.S. have significantly reduced bilateral tariffs, alleviating global market concerns. Specifically, U.S. tariffs on Chinese goods dropped from 145% to 30%, while China's retaliatory tariffs on U.S. imports decreased from 125% to 10%. The substantial progress achieved during the two-day high-level economic talks exceeded expectations and injected confidence into global markets. U.S. is one of China's imported cotton linter origins, what about the import situation this year?



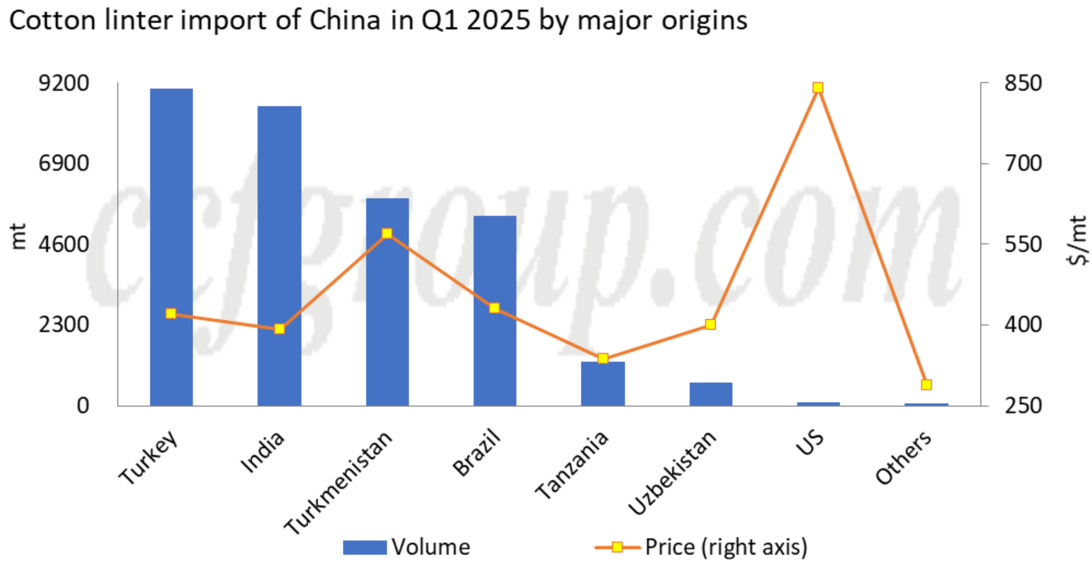
The China-U.S. high-level economic talks held on May 10-11 achieved substantial progress, with both sides agreeing to significantly reduce bilateral tariffs (each canceling 91% of imposed tariffs and suspending 24% of "reciprocal tariffs"). This breakthrough marks a pivotal step in resolving trade tensions, injecting greater certainty and stability into the global economy while mitigating risks of "decoupling". Previously delayed orders are expected to resume or restart as trade barriers ease.

However, due to multiple rounds of "tariff wars" and shifts in downstream demand, U.S. imports of cotton linter have experienced extreme volatility this year. Customs data reveals that the imports of U.S. cotton linter in Mar declined by 91% y-o-y to 39.9 tons. The cumulative imports in Jan-Mar this year reached historically low level of 80.1 tons, down 93.4% y-o-y. With the recent sharp reduction in U.S.-China tariffs, cotton linter imports are expected to rebound in the coming months as trade barriers ease and supply chains stabilize.




In terms of import pricing, U.S. cotton linter has long been favored by downstream refined cotton and nitrocellulose manufacturers due to its product quality and end-user demand.

Historically, its import prices have remained notably higher than the national average and those of competitors like Turkey and Brazil. In Mar, the average import price of U.S. cotton linter was 88.6% above the national average at $838.1/mt. In Jan-Mar, it was 91.2% higher than the national average at $841.1/mt.




The breakthrough progress achieved during the two-day China-U.S. high-level economic talks far exceeded expectations. This outcome stemmed from China's resolute stance against U.S. maximum pressure tactics, coupled with Washington's urgent need to address record-high inflation and impending political-economic risks, including $6 trillion in maturing treasury debt by Jun. The consensus achieved in the recent high-level China-U.S. economic talks is interim, underscoring that "the only certainty in today's world is uncertainty". The path ahead remains fraught with challenges, with the true test lying in whether the 20% U.S. tariffs on fentanyl-related goods can be lifted, the commitments could be implemented, promoting China-U.S. relationship to move beyond zero-sum dynamics toward cooperative symbiosis.

Historically, U.S. has been one of China's primary sources for cotton linter imports. Despite its relatively higher average import price, about $653/mt over the past decade (2015-2024), which is 49.2% above the national average. U.S. cotton linter remains favored by downstream industries due to its superior quality and alignment with end-user demand. The import volume share typically fluctuated between 5%-15% historically. Affected by U.S.-China geopolitical tensions, the share dropped below 5% in recent years, with imports in Mar and Q1 2025 accounting for less than 1%. With the recent substantial tariff reductions between China and the U.S., there is cautious optimism for a stabilized recovery in cotton linter trade volumes.

Source: ccfgroup.com– May 15, 2025

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## Navigating Tariff Turbulence With Pricing Elasticity

Despite their dominance in the news, tariffs are not new. Companies have seen them rise and fall across the globe in the past, always adjusting costs and margins in response. What is new, however, is today's unprecedented rate of dynamic tariff movement—and the colossal tumult it is causing.

That means you need a dynamic pricing strategy to adapt to the uncertainty.

"When things are moving so fast and you don't have a good, certain understanding of what's happening, you need to be a little bit more responsive and agile," said Ravi Rangan, chief technology officer of Centric Software, in the webinar Tariff Turbulence: Leveraging Technology and Pricing Elasticity to Thrive in 2025. "It's a little bit like being caught in a fire in the theater. You don't start analyzing what to do; you [just] run for the exit. But you want to be prepared."

Market intelligence tools like Centric Market Intelligence are key to creating a macroeconomic context—providing information on external forces of the market, what's happening, what's trending, what are the competitive forces, not just in your category, but across the industry.

First step, noted Jade Huang, VP, strategy & market intelligence, Centric Software, is to set a pricing baseline. This entails examining and reaffirming your specific brand's price positioning and strategy in relation to your competitors, as well as noting how competitive companies build out their respective pricing and assortment architecture, and what changes they might have made over time. How they managed significant disruptive events is especially pertinent.

Tracking the basic white T-shirt as an example across a variety of brands, Huang looked at pricing and assortment breadth to spotlight significant clusters and overall philosophy. She found, for example, that ASOS' average price for a white T-shirt was $32.37, among 355 skus of shirts and tops. Gap, in contrast, focuses 52 percent of its white T-shirt assortment in the entry price point of $21 to $25, but with only 23 shirts and top skus (tighter, but still higher than Uniqlo's highly rationalized nine). Meanwhile, H&M, with 71 shirts and top skus, focuses on mass appeal, with 44 percent of its white T-shirts priced between $6 to $10, with entry price point as little as under $5.

To understand the shift in prices and strategy over time, Huang then looked at price positioning from Q1 2020 to Q1 2025. This revealed that ASOS had diversified and spread out its risk by expanding white T-shirt price points across $16 to $35 today, instead of the strong $16 to $20 range focus from 2020, thus diversifying from a 41 percent single price point concentration.

Major department stores, which source from thousands of small to large brands, also serve as important gauges of larger market shifts. Centric Market Intelligence revealed that in the last month, Macy's raised its average MSRP ticket for white T-shirts "a whopping $11" from $42 to $53."

Fast-fashion Chinese retailer Shein, which no longer has the under $800 duty-free de minimis loophole on its side, raised its average white T-shirt price from $20 to $29 in just one week in April 2025 (a $9 increase)—a dramatic hike for a brand that has built its reputation on super low prices.

Digging deeper, Centric's intelligence interpreted that evergreen items have longer-lasting appeal than fleeting trends, thus justifying the high white tee price hike.

With the power to monitor the market and competitors in real time, especially around disruptions like tariffs, "you can start to have some inferences on how [companies] are thinking about spreading out that cost and passing it to customers," said Huang.

Looking inward

In addition to focusing on external forces and outside competitive analysis, Centric also has tools for companies to look inward and analyze their own operations, something especially important for omnichannel retailers cross-channel in uncertain times.

"In addition to the probing and deep sensing from the outside, there's also the other parts of, how do I organize my product? How do I do the bill of material? How do I pick materials? How do I pick from multiple sources or from my supply chain, or shift supply chains? And how do I track to product development metrics and supply sustainability targets?" said Rangan.

Any pricing strategy must also take the consumer into account, from their level of tolerance and their direct feedback. As consumers are managing their disposable income and budgets, smart companies should proactively and transparently communicate price hikes via direct email, website postings and/or social media. Centric's Digital Shelf Analysis (DSA) provides consumer feedback and review insights, which can also factor into the equation.

With future and even current tariff levies constantly in flux, Centric tools allow companies to run various "what if?" scenarios to be ready when disruption occurs.

"I can basically do simulations of different [sourcing and manufacturing] strategies. And within the strategy, simulate different tariff scenarios," said Rangan. "Especially if I'm expecting a tariff scenario that I need to be prepared for. So, if [a tariff] does enact in 90 days, then I can pull the trigger on [chosen scenario], and I have at least done my homework, and I can sleep at night."

Source: sourcingjournal.com– May 14, 2025

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# Temu Re-Ups Direct-from-China Shipments Amidst Tariff Pause

It seems Temu may be shipping goods directly from China to the U.S. once again.

The PDD Holdings-owned e-commerce company announced earlier this month that it would stop shipping directly from China to the U.S., instead leaning on a semi-managed model leveraging U.S. warehouses. It had been working with sellers to set up that infrastructure for more than a year by that point.

“All sales in the U.S. are now handled by locally based sellers, with orders fulfilled from within the country,” a Temu spokesperson told Sourcing Journal at the time. “Temu has been actively recruiting U.S. sellers to join the platform. The move is designed to help local merchants reach more customers and grow their businesses.”

At that point, the company’s marketplace sellers faced sky-high tariff rates and the collapse of the de minimis provision on goods inbound from China. After a short stint of allowing users to pay import duties on direct-from-China items, the company decided on local delivery only.

Temu uses a small, green “Local” icon to denote that the product is coming from a warehouse near the consumer. Sellers with local warehouses also have a badge on their profile page denoting as much.

A week ago, U.S. consumers’ screens were flooded with local listings when they went on Temu. Though not all direct-from-China items are back online, Temu has started to resurface some of the listings, said e-commerce expert Joe Kaziukėnas.

For instance, a set of baseball hats, which says it would be delivered in five to 14 days, is linked to a seller that lists its location as China and does not have a “local warehouse” emblem on its seller page.

The reversal comes just days after President Donald Trump announced that the U.S. and China had reached a 90-day agreement to lower their respective tariffs by 115 percent. He later announced that he would drop a 120-percent duty on some parcels worth less than $800 inbound from China to 54 percent ad valorem or a $100 flat tax.

Kaziukėnas said he expects the number of direct-from-China listings to increase within the week.

For the moment, items that appear to be shipping from China do not incur an import charge at checkout. It remains unclear whether the consumer is expected to pay a duty upon the parcel's entry into the U.S.; Temu's site simply promises "no import charges for all local warehouse items."

Kaziukėnas said it's possible that the sellers have hiked their prices enough to absorb the additional cost of a lower duty rate; on April 25, both Shein and Temu announced they would raise their prices to account for economic disruptions and uncertainties ahead.

Still, he expects that Chinese sellers with semi-managed local warehouse capacity in the U.S. will import products en masse during the 90-day pause. If Temu once again changes its tune on direct-from-China shipments, that could safeguard those sellers from losing business overnight.

"Everyone across the board—Amazon sellers, Temu sellers, retailers, etc.—is rushing to import goods in the 90-day window because 30 percent is manageable and the uncertainty of where tariffs will be in 90 days is a bigger headache," Kaziukėnas said.

Temu did not immediately return Sourcing Journal's request for comment.

Source: sourcingjournal.com– May 14, 2025

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# Global cotton production projected at 117.8 mn bales in 2024-25: WASDE

For 2024–25, the United States Department of Agriculture (USDA) has projected a decrease in global cotton production by 3.08 million bales, bringing the total to 117.81 million bales (each weighing 480 pounds), according to its May 2025 World Supply and Demand Estimates (WASDE) report. Global cotton production for 2025–26 is expected to increase by nearly 1.5 per cent from 2024–25, as higher beginning stocks offset the decline in production.

Global consumption is projected to rise by 1.2 per cent to 118.08 million bales, as increases in Bangladesh, India, Turkiye, and Vietnam (collectively a 1.40 million bale increase) more than offset a 500,000-bale decline in China, with smaller changes elsewhere. Global trade is expected to rise by over 5 per cent to 44.83 million bales, as both the United States and Brazil are projected to increase exports by over 1 million bales each. Ending stocks are essentially unchanged from 2024–25 at 78.38 million bales.

In the 2024–25 world balance sheet, production, consumption, and trade have been revised upward from the April forecasts, with beginning stocks virtually unchanged and ending stocks revised downward. Due to excellent early harvest yields, Australia's projected crop has been raised by 200,000 bales, accounting for much of the increase in production.

Consumption and imports have each been raised by 300,000 bales for both Pakistan and Vietnam, while imports by China have been reduced by 500,000 bales. As a result, ending stocks have been reduced by over 450,000 bales to 78.40 million, for an ending stocks-to-use ratio of 67.1 per cent.

The forecast for the current season for US cotton shows a small increase in production, higher exports, higher beginning and ending stocks, and unchanged consumption compared to 2024–25. Planted area is expected to be 9.87 million acres based on the March 31 Prospective Plantings report. With recent precipitation in the Southwest, abandonment is projected to be lower than average, resulting in a US harvested area of 8.37 million acres, higher than the 7.81 million acres harvested in 2024–25.

The national average yield for 2025–26 in the US is projected at 832 pounds per harvested acre, below last year's 886 pounds, based on regionally weighted five-year averages. Production is projected to be 14.50 million bales, slightly above the 14.41 million bales produced in 2024–25. Exports are projected to rebound to 12.50 million bales, up from 11.10 million, due to larger beginning stocks and higher global import demand. Ending stocks are forecast to be 400,000 bales higher at 5.20 million, resulting in an ending stocks-to-use ratio of 36.6 per cent. The projected season-average price for 2025–26 is 62 cents per pound.

The 2024–25 balance sheet for US cotton reflects a 200,000-bale increase in projected exports to 11.10 million and a crop of 14.41 million bales based on NASS's final estimate of 2024–25 US cotton production. As a result, ending stocks for 2024–25 are reduced to 4.80 million bales. The projected 2024–25 season-average price remains unchanged at 63 cents per pound.

Source: fibre2fashion.com– May 12, 2025

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# Reviewing Textiles and the Tariff Tantrum

The United States-China trade deal has led to positive reactions by global financial markets, but uncertainty persists. Uncertainty is not good for business in terms of expansion and investments.

Given the current scenario, China comes out to be a loser in the emerging textiles trade landscape, while providing opportunities for other textile manufacturing powerhouses like India.

The U.S. cotton market must look for new markets and new products. Chinese textile and apparel products coming into the United States will be more expensive than those from competitors like India, Bangladesh, and Vietnam. Given the less competitive nature of Chinese products, it may not be importing as much cotton from the U.S, as it did before.

Keith Lucas, Vice President for Marketing at Plains Cotton Cooperative Association stated, “The U.S. cotton industry must look for other markets. India might offer new opportunities.”

India expects to double its textiles and apparels exports from (US)$44 billion to (US)$100 billion by 2030. Its strength is in cotton apparels and home textiles. India must enlarge its fiber base, and the United States has opportunity to engage with the Indian textiles sector.

The Indian spinning sector is lobbying with the government to remove the 11% import duty on cotton imports. While total removal may not be possible, any reduction in the import duties will be beneficial for cotton exporting countries.

The proposed trade deal between the United States and India will open doors, as the U.S. government is keen to capture the Indian market for its agricultural products.

I had an opportunity to present an invited talk on “Trade in the New Global Era” for the North India Section of The Textile Institute [NISTI-REGD] on the same day as the U.S. and Chinese high-level delegations were meeting in Geneva. I opined in my talk that zero tariff is impossible with China and that the tariff may come down to the 30-60% range.

Per the current agreement, the United States will be imposing a 30% tariff on imported goods from China as well as maintaining existing tariffs before April 2, 2025, including Sections 301 and 232 tariffs. The effective import duties for Chinese products will be more than 50%, which will make them uncompetitive against textile and footwear products from India and other major exporters of these products.

China has agreed to impose a 10% tariff on imports from the United States while still retaining the 15% tariff it imposed prior to April 2, 2025. If China will retain its existing base tariff on cotton from the United States, the import duties for U.S. cotton will be higher depending on the base rate.

“Chinese import duties on cotton are complex and complicated,” stated a U.S.-based cotton economist. The base rate can vary between 0 and 40% depending on licenses, nature of manufacturing units, and more. China’s input costs will rise, which will make its textile exports uncompetitive, opening doors for other textile exporting countries.

India’s export opportunities in textiles and apparels will significantly increase not only due to the space vacated in the United States by China, but also due to zero tariff regime for textile exports to the United Kingdom.

With its emphasis on quality, timely delivery, effective outreach, and engagement with India and other markets, the U.S. cotton sector can be optimistic for the emergence of a new market landscape and value-added sustainable products.

Source: cottongrower.com– May 14, 2025

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## China's Q1 apparel exports to Europe dip, market share edges up

China's apparel exports to Europe (including the European Union and other European countries) stood at $6.355 billion in the first quarter of the current year. This was 1.82 per cent lower than exports of $6.473 billion during the corresponding period last year. However, Europe's share in China's apparel exports slightly increased due to a larger decline in China's total apparel exports during the same period.

China exported apparel worth $30.916 billion in the first quarter of the current year. Therefore, Europe's share in outbound shipments stood at 20.56 per cent during the period, compared to 19.93 per cent in China's total apparel exports of $32.479 billion in the first quarter of 2024. China's total shipments declined by 4.81 per cent in January-March 2025, according to Fibre2Fashion's market insight tool TexPro.

Europe's share in China's apparel exports has been falling over the past five years. In 2020, its share was 27.94 per cent, with exports to the continent standing at $34.670 billion out of China's total shipments of $124.108 billion. The share dropped to 23.49 per cent in 2024, when China's apparel exports to Europe reached $35.797 billion out of total shipments worth $152.419 billion.

Europe also slipped to third place among top export destinations last year. The continent was the second-largest destination for Chinese apparel exports in 2020, according to TexPro.

However, in value terms, China's apparel exports to Europe maintained an upward trend despite significant volatility. Shipments were valued at $30.392 billion in 2019, growing by 14.08 per cent to $34.670 billion in 2020, further increasing by 12.28 per cent to $38.928 billion in 2021, and rising by 7.18 per cent to $41.724 billion in 2022.

The trade, however, declined by 16.15 per cent to $34.987 billion in 2023 but rebounded with a 2.31 per cent rise to $35.797 billion in 2024.

Source: fibre2fashion.com– May 15, 2025

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# UK retail sales jump 7% in April, easter drives growth: BRC

UK total retail sales rose by 7 per cent year on year (YoY) in April 2025, rebounding strongly from a 4 per cent decline in April 2024. The rise was boosted by the Easter holiday falling in April this year, distorting comparisons but pushing growth above the 3-month average of 2.9 per cent and the 12-month average of 1.4 per cent.

"The sunniest April on record brought with it a boost to retail sales. While the stronger performance was partially a result of Easter falling in April this year, the sunshine prompted strong consumer spending across the board. Clothing sales, where growth has been sluggish in recent months, also improved as consumers refreshed their wardrobes for the new season," Helen Dickinson, chief executive of the British Retail Consortium (BRC), said.

"Retail sales have been showing growth for five months now. The pace of that growth picked up in April due to Easter and the drier weather boosting clothing and garden related sales," stated Linda Ellett, UK head of consumer, retail and leisure, KPMG.

To offset this distortion, combined sales for March and April increased by 4.3 per cent YoY. Non-Food sales rose by 6.1 per cent YoY, against a decline of 6 per cent in April 2024. The growth was above the three-month average of 2.1 per cent and twelve-month average of 0.1 per cent, BRC said in a press release.

In-store non-food sales grew by 5.6 per cent, outperforming the 3-month average of 1.3 per cent and the 12-month average decline of 0.8 per cent.

Online non-food sales rose by 7 per cent, well above the 3-month average growth of 3.4 per cent and the 12-month average of 1.8 per cent. However, the online penetration rate edged down to 36.4 per cent from 36.5 per cent a year ago, remaining below the 12-month average of 36.8 per cent.

"Consumers tell us they are still taking steps to manage their household budgets, so retailers will need to focus on how they can continue to unlock spending over the coming months to keep the growth going - including capitalising on purchases related to strong summer holiday demand," suggested Ellett.

"Even a strong April performance will do little to make up for the extra £7 billion (~$9.33 billion) facing the industry this year. If the government wants to secure the future of our high streets, then it must ensure that no shop pays more as a result of the upcoming business rates reforms, or it will be our local communities that pay the price," Dickinson remarked.

Source: fibre2fashion.com– May 14, 2025

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## Retailers struggle to meet in-store tech demands: Study

Fashion, apparel and specialty stores lead the retail industry when it comes to technology adoption, but most (62 per cent) said customers are demanding different store experiences than what they can currently provide, according to a study by RSR, supported by retail technology provider Jumpmind.

While the vast number of retailers (85 per cent) said the store remains their primary growth channel, 65 per cent admit their current technology stack doesn't enable the customer experience they want and need to deliver.

The research surveyed both retail executives and store managers in December 2024 through January 2025 to understand opportunities, threats, gaps and technology spending priorities, as retailers aspire to meet shopper expectations.

Point of sale (POS), which functions as the store operating system, is a particular pain point for retailers. The study reveals retailers are struggling to execute the most basic functions for store operations at a time when retailers are increasingly leaning into POS to drive more innovative and inspired in-store engagement models.

Less than half (47 per cent) said their POS system supports an innovative or differentiated store experience, and one third report it's actively holding them back. Less than half of retailers report strong satisfaction with their POS' ability to provide a seamless checkout process, provide digital receipts, support 'endless aisle' ordering from e-commerce or a warehouse, integrate with loyalty programs and effectively manage returns.

Many retailers (34 per cent) said that consumer adoption of new tech is simply moving so fast, they can't keep up, while others (31 per cent) said new tech is prohibitively expensive. More than half (54 per cent) said tech changing too often is a top inhibitor to taking advantage of opportunities to improve the store.

Most, however, feel confident in investing in mobile functionality in the store, with 63 per cent ranking mobile devices for associates that free up store managers' time and offer operational visibility as 'high value'.

Additionally, 70 per cent of retailers have planned investments in assisted selling and endless aisle capabilities within the next 12 to 18 months.

Investing in the tech-driven transformation of stores in 2025 will be critical for retailers that want to compete against emerging competitors. More than two in five respondents (41 per cent) said the rise of online competitors is eroding the value of stores, while 38 per cent said direct-to-consumer retail is undermining the store's significance and 28 per cent consider e-commerce same-day shipping a threat. More than one third (36 per cent) said the fact that consumers are more hyper-informed and demanding than ever is a top threat to their business, with 35 per cent admitting they can't provide the level of service consumers expect.

"Many retailers have yet to crack the code on creating relevant and inspired in-store shopping experiences and time is running out," said Joe Corbin, Jumpmind president and CEO. "As inflation continues to impact consumer spending, it's absolutely critical for retailers to create compelling and seamless in-store experiences that deliver value and differentiation and empower both associates and shoppers."

"While the past two decades have brought enormous technological potential to retail, the store of the future remains an elusive vision for many," said Steve Rowen, managing partner at RSR. "Fortunately, low-cost, fully featured, consumer-grade technology is now available for far less capital investment than older store systems. Retailers remain 'all in' on stores and have significant funds set aside to invest in technology, so we expect 2025 to be an exciting year."

Source: fibre2fashion.com– May 14, 2025

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# Will cotton prices keep rising under favorable macro conditions?

The Sino-US talks in Geneva, Switzerland from May 10 to 11 went relatively smoothly. On May 12, China and the United States issued a joint statement:

China will reduce the tariffs on US goods from 125% to 10% within 90 days (the reciprocal tariffs will be reduced to 10%, and the 15% additional tariffs on US cotton previously imposed will be retained (that is, the total tariffs on US cotton under the 1% quota will be 1% + 15% + 10%), and the tariffs on other goods that were separately imposed before will be retained).

The United States will reduce the tariffs on Chinese goods from 145% to 30% within 90 days (the reciprocal tariffs will be reduced to 10%, and the 20% tariff on fentanyl will be retained). At the same time, the tax rate for small packages worth less than $800 will be cut from 120% to 54%.

Compared with April, which was shrouded in the shadow of the tariff war, there are indeed marginal improvement at the macro level. In the industrial aspect, there are also situations where some overseas orders that couldn't be transported due to high tariffs are gradually being shipped, and some overseas orders are flowing back locally.

As a result, on May 12, ZCE cotton futures market soared based on positive expectations. However, currently, the transmission from the macro level to the industry is still not obvious. The downstream of the industry is still in a weak state.

Although the cotton yarn prices have increased following the rise of ZCE cotton, the market acceptance is still not high. The inventories of cotton yarn and grey fabric are accumulating, but the accumulation speed is not fast, and the overall pressure is not great.

In terms of price valuation, on the eve of the tariff war unilaterally initiated by the United States in April, ZCE major cotton contract has been fluctuating narrowly within the range of 13,500 to 13,700yuan/mt for most of the time. Around May 10 to 12, with positive macro factors and the withdrawal of some tariffs by both sides, ZCE major cotton contract rebounded and once rose to the level before the decline.

From a macro perspective, although both sides have withdrawn some tariffs, compared with the end of March, the United States still imposes an additional 10% reciprocal tariffs on China.

The cumulative tariffs on many cotton textiles and cotton garments are as high as 50% or even more than 60%. If most of these tariffs are not borne by the US side, it is still relatively unfavorable for Chinese export-oriented enterprises.

Therefore, in the short term, the rise of ZCE cotton may have fully priced in the macro positive factors. If it wants to continue to rise, further improvement in sales and profit in the industry is needed.

In the medium to long term, due to the capriciousness of Trump, some in the market are still highly cautious about whether Trump will renege on the deal in the later stage and whether the 24% reciprocal tariffs that have been temporarily cancelled after 90 days will be re-imposed. In terms of the international situation, the disputes have not ended.

It is not limited to the tariff aspect and may also occur in other areas. As Shen Yi, a professor in the Department of International Politics at Fudan University, put it: "When we see the situation tending towards victory, we should be clear that this is only the first round, and even the first round has not completely ended.

There are more uncertainties ahead, and more protracted and arduous games are awaiting us. Only with such a series of understandings and concepts can we be considered to have made systematic preparations in terms of ideological understanding and concepts for participating in the strategic games among major powers."

Source: ccfgroup.com– May 15, 2025

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# Egypt sees significant growth in textile-garment sector: Trade body

Egypt's textile and garment sector is witnessing significant growth, backed by global economic shifts, a favourable investment climate and a surge in foreign direct investment (FDI), according to Mohamed Abdel Salam, chairperson of the Readymade Garments and Textiles Chamber at the Federation of Egyptian Industries.

Recent studies highlight key advantages: electricity costs average $0.07/kWh in the country compared to $0.12 in many other markets. Water prices range between $0.30 and $0.50 per cubic metre, while in competing countries they often exceed $1.50.

Construction costs in Egypt range from $500 to $800 per square metre, nearly half of the cost elsewhere. Value-added tax stands at 14 per cent compared to up to 18 per cent in other nations, and wages remain competitive relative to regional benchmarks.

"These cost efficiencies have led numerous global players in the apparel industry to initiate or expand operations in Egypt," Abdel Salam was quoted as saying by domestic media reports.

Turkish industrial conglomerate Shahinler Group is actively coordinating with Egyptian authorities to explore new investment opportunities. It is mulling over relocating part of its manufacturing operations, specifically in cotton, spinning, weaving and readymade garment production, to Egypt. Shahinler has already invested $50 million in the country.

The group's expansion in Egypt is expected to generate up to 3,000 new jobs and annual production from the new facilities is projected to reach 3 million pieces of formal wear.

Source: fibre2fashion.com– May 14, 2025

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## Bestseller Wants Higher Wages for Myanmar's Garment Workers. Activists Call Foul.

A garment workers' union in Myanmar has called into question Bestseller's support for increased minimum wages in the disaster-ravaged Southeast Asian nation, citing complaints of rights abuses, including those alleging wage theft, unfair dismissal and a refusal to pay for medical treatment for workplace injuries, that have emerged from the Danish retailer's suppliers in recent months.

They add to a list of allegations logged by the Business & Human Rights Resource Centre—many of which involve multiple workers—that have grown to 665 since Feb. 1, 2021, the day the military violently seized power from the semi-civilian government. Bestseller aside, the offending factories are linked with familiar names such as Adidas, H&M Group and Zara owner Inditex despite their commitment to enhanced due diligence in the face of continual attacks on freedom of association and collective bargaining, including the outlawing of most unions and the persecution of their members.

"The workers' situation in their supplier factories is getting worse and worse," said Khaing Zar Aung, the exiled president of the Industrial Workers Federation of Myanmar, or IWFM, of Bestseller and others. "It shows that their due diligence implementation process is not effective."

Bestseller is among the few multinational brands that have committed to staying in Myanmar despite the seemingly insurmountable challenge of protecting the safety and rights of the people who make its clothes. It doesn't plan to immediately cut ties like Mango, Marks & Spencer and Tesco or phase out sourcing like H&M Group, Inditex and Lidl, because it said it would be able to minimize risk by engaging only with suppliers with which it has strong relationships and sufficient leverage. The Jack & Jones and Vero Moda owner has also argued that a complete withdrawal of trade by all Western companies would result in more people falling below the poverty line, creating nothing less than a humanitarian catastrophe.

Last week, Bestseller echoed calls by the EuroCham Myanmar Garment Advocacy Group, a committee of the business interest organization, to review and update the country's daily minimum wage of 4,800 kyats ($2.28) for garment workers. Other than the addition of a potential 2,000 kyats (95 cents) in allowances, the base rate has remained unchanged since 2018, in direct conflict with inflation that surged to a high of nearly 29 percent during the 2023-2024 fiscal year.

An “inadequate” minimum wage that forces workers to rely on overtime and attendance bonuses to meet basic needs “drives low wages, fueling workplace disputes, high turnover, labor migration and the loss of specialized skills, which ultimately undermines productivity gains achieved in recent years,” according to the EuroCham Myanmar group.

Bestseller agreed, saying in a statement that it recognizes that while “the majority” of factories in its supply chain have taken “voluntary steps” to increase salaries, the lack of a statutory update continues to “place pressure on workers’ livelihoods across the industry.”

“Low wages are a systemic challenge that cannot be solved by one actor alone,” said Claus Aabling, the brand’s labor rights manager. “Therefore, we believe that speaking up is an important part of our responsibility as a sourcing brand. We support EuroCham Myanmar’s call for a review of the minimum wage and recognize that an increase in the minimum wage is essential to promote fair working conditions and strengthen the overall resilience of the garment sector in Myanmar.”

But while IWFM concurred in a statement of its own that low wages are pushing Myanmar’s workers deeper into exploitation, it also asked how a wage adjustment, while “commendable in principle,” could be realistically achieved “under the current conditions of widespread repression and a collapsed rule of law.” Because the junta “does not represent a credible or trustworthy partner in wage-setting processes,” it added, its actions have “actively undermined the possibility of fair and peaceful labor dialogue.”

The IndustriALL Global Union affiliate also asked why European buyers were waiting to act when they possessed the ability to raise wages voluntarily. Or, at the very least, ensure that all suppliers pay overtime based on the adjusted daily rate of 6,800 kyats.

“It is important to recall that when international garment investors, including those from Europe, first entered Myanmar, they agreed, in good faith, to voluntarily pay interim wages above market levels,” IWFM added. “This historical precedent clearly shows that companies can act independently to improve wages without waiting for a government decree. Today, EuroCham and its members can do the same.”

Khaing Zar Aung said that despite Bestseller's claim that its suppliers pay higher wages—the retailer, in a recent update, said monitoring over the past six months found that the general average daily salary has risen to 15,000-16,000 kyats ($7.14-$7.61)—such efforts still fall short of addressing the broader and more urgent labor rights violations allegedly taking place at its supplier factories.

She pointed specifically to recent complaints from facilities owned by Dishang Fashion, where a worker was reportedly fired for trying to start a union and another said she was stiffed on a full month's wages after resigning for personal reasons. At GTIG Guohua Glory, a worker who sustained a head injury after falling from a factory truck in 2023 was still being denied medical coverage as of February, Khaing Zar Aung said. Neither Dishang Fashion nor GTIG Guohua Glory responded to requests for comment.

Bestseller said that it takes IWFM's concerns seriously and shares the view that improving labor conditions in Myanmar requires "sustained, on-the-ground engagement and robust due diligence."

While the retailer wasn't able to immediately investigate and respond to two of the allegations, a spokesperson said that GTIG Guohua Glory provided the injured worker with extended paid leave, along with compensation for ongoing medical treatment. The retailer also said it hoped that its previous transparency with the Business & Human Rights Resource Centre and in its due diligence reporting have shown its "hands-on approach" to identifying and addressing risks relating to freedom of association, wage compliance and occupational health and safety.

"We recognize that the choice to stay in Myanmar comes with a responsibility: to act swiftly when concerns are raised, to investigate thoroughly, and to push for remediation where needed," Bestseller said. "We are actively involved in monitoring conditions in our supply chain, maintaining direct relationships with factories and workers, and we report transparently on these efforts."

Khaing Zar Aung said, however, that these weren't isolated incidents but ones that reflect structural issues that demand structural changes and "genuine brand accountability." Bestseller's oft-stated commitment to "protect workers by remaining in Myanmar," she added, must "go beyond good intentions" by adopting zero tolerance for union-busting, wage theft and occupational health and safety negligence. Public commitments, too, must be underpinned by definitive timelines and enforceable stakes, Khaing Zar Aung added.

“Simply supporting a higher minimum wage, without ensuring that the foundational rights of workers are respected, protected, and enforced, risks being a symbolic gesture rather than a substantive intervention,” IWFM said. “If brands choose to remain in Myanmar under the rationale of protecting workers from job loss, they must also take full responsibility for the working conditions and rights of those very workers. Anything less risks enabling exploitation under the guise of employment protection.”

Source: sourcingjournal.com– May 09, 2025

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# Bangladesh: Container transport at Ctg Port halted as prime mover drivers on 12-hr strike

Container transport to and from Chittagong port came to a standstill from 6:00am today as prime mover drivers and workers enforced a 12-hour work abstention, protesting the alleged assault of their union president and two colleagues by police.

The protest was called last night in front of the union office in the Chattogram's Saltgola Crossing by the District Prime Mover, Trailer, Concrete Mixer, Flatbed, Drum Truck Workers' Union, said its Executive President Humayun Kabir.

"As a result of the work stoppage, container movement between the port and 21 private inland container depots (ICDs) remains suspended since morning," said one of the ICD operators.

Humayun alleged that on Tuesday night, police took Union President Selim Khan, and two drivers—Delwar Hossain and Mohammad Faisal—to Pahartali Police Station and "assaulted" them.

The three were reportedly trying to resolve an incident involving the police seizure of a driver's identity card and driving licence. Police seized the ID card and driving licence of the driver after he declined to transport an injured person to hospital upon their request.

Humayun claimed that Sub-Inspector Al Amin of the police station attempted to compel a prime mover driver, Md Liton, to take an injured man to Chittagong Medical College Hospital from in Alangkar area around 10:30pm on Tuesday. When the driver refused, the officer allegedly confiscated his documents and left for the near Alangkar police outpost.
Liton notified the union president, who then went to the outpost.

"Selim requested the officer speak to him over the phone, but the SI refused. When Selim arrived in person, an altercation ensued. He and two other workers were later taken to the police station, where they were allegedly beaten under orders from the officer-in-charge," Humayun claimed.

The three injured men were later rescue by fellow workers and taken to the hospital.

Humayun said that although workers were enraged and initially attempted to block operations yesterday morning, the union leaders calmed them considering chief adviser's scheduled visit to Chattogram.

This correspondent attempted to contact the officer-in-charge of the police Station but received no response.

Speaking to The Daily Star, SI Al Amin confirmed he had responded to an emergency call about a "mob beating" and asked Liton to transport the injured man to hospital.

"He said he was a prime mover driver and refused. We took his documents for verification but had to leave to attend to another emergency," the officer said.

He admitted declining to speak with the union leader on the phone, citing other duties.

The SI also alleged that the union leader and several workers arrived at the outpost, engaged in a heated argument, and threatened to block the highway.

"The officer-in-charge later intervened while passing through the area and brought them to the station for discussion," he said.

Asked whether the three were assaulted at the police station, SI Amin said he had no knowledge of that, as he had remained at the police outpost overnight.

Source: thedailystar.net – May 15, 2025

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# Bangladesh: Separate ministry needed to boost RMG exports

The biennial election of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) is scheduled to be held on May 31 to elect the executive committee of the trade body for the 2025-27 tenure. The BGMEA election is being contested by two major panels—Forum and Sammilito Parishad for 35 director posts. This time Mahmud Hasan Khan is contesting as the leader of Forum and Md Abul Kalam as leader of Sammilito Parishad. Refayet Ullah Mirdha of The Daily Star talked to them on their electoral pledges and priorities.

The Forum Panel leader wants a separate ministry for the garment industry as the sector has already grown to massive proportions and needs its relevant functions to be expedited to take it forward.

Currently, the commerce ministry is the line ministry for dealing with the garment industry. Khan said the commerce ministry was always busy with other activities. He said if elected, he would appeal to the government for the creation of a separate ministry for the apparel sector.

He also has a plan to appeal for the launch of a separate fund to finance small and medium enterprises (SMEs) so that they can also grow bigger gradually by borrowing low-cost loans from this fund.

To counter the Covid-19 pandemic shock, Vietnam introduced such a fund to support the SMEs. He said the government should also fully digitalise and automate customs processes so that businesspeople can complete audits as soon as possible.

Khan wants more of the next generation to come to this business, be it through family inheritance or through individual efforts as new entrepreneurs.

It is possible if everyone plays a more dignified role in this sector by complying with rules and regulations, he said.

Regarding the BGMEA University of Fashion and Technology (BUFT), the Forum panel leader said he would try for the university to be run by the BGMEA again and would introduce a trustee board from the trade body to run the educational institution.

Khan is optimistic that this time too Bangladesh would be able to overcome challenges posed by US President Donald Trump's reciprocal tariffs.

He reasoned that the local manufacturers have gained a lot of experience facing a lot of challenges, such as withdrawal of quotas and Rana Plaza building collapse.

Bangladesh can negotiate with the Trump administration, such as by increasing the import of wheat, cotton, soybean and other products, for reducing the trade gap between the two countries, he said.

The graduation of the country from the group of least developed countries (LDCs) is a significant step forward, said Khan.

So, the country should also prepare for facing the new trends of business as preferential trade benefits will be eroded after the graduation in November 2026, he said.

So, Bangladesh should sign free trade agreements (FTAs) with the major trading partners so that the exports of the country remain unaffected even after the LDC graduation, he said.

The future of Bangladesh's garment industry is bright as the sector has been stable and growing and improving, said Khan.

The government should also ensure adequate supply of gas and electricity so that the exports continue to grow, he said.

He committed to working with the government and the factory owners to improve the energy supply to the garment sector.

Establishing a healthy industrial relationship among the factory management, workers and union leaders is essential. "We will improve this relationship so that the workers can feel dignified in their jobs," Babu said.

Source: thedailystar.net – May 15, 2025

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# NATIONAL NEWS

## Piyush Goyal to lead team of officials to Washington for trade talks from May 17

Commerce and Industry Minister Piyush Goyal will lead a team of senior Indian officials to Washington starting May 17 for discussions with their U.S. counterparts on the proposed bilateral trade agreement (BTA), an official said on Tuesday.

During the visit, Mr. Goyal will hold meetings with U.S. Trade Representative (USTR) Jamieson Greer and U.S. Commerce Secretary Howard Lutnick on the agreement.

The four-day talks (May 17-20) come against the backdrop of both countries exploring the possibility of an interim trade arrangement in goods to secure "early mutual wins" ahead of finalising the first phase of the trade agreement by fall (September-October) this year.

The official said the chief negotiators of both countries will hold meetings from May 19-22. Mr. Goyal will reach Washington on May 16.

The main issues that will figure in the negotiations include market access, rules of origin, and non-tariff barriers.

India's proposal to impose retaliatory duties on certain U.S. products over American tariffs on steel and aluminium would also figure in the BTA deliberations.

Through these discussions, officials from New Delhi and Washington aim to take advantage of the 90-day tariff pause window to advance the talks.

The U.S. has suspended the additional 26 per cent tariffs on India till July 9. It was announced on April 2 to bridge the widening trade deficit.

However, the 10% baseline tariff imposed on the countries will continue to remain in place.

To give impetus to the talks, India's Chief Negotiator for BTA Rajesh Agrawal, special secretary in the Department of Commerce, and Assistant US Trade Representative for South and Central Asia Brendan Lynch had last month held three-day talks in Washington.

Before that in March, Mr. Goyal held bilateral meetings with Greer and Lutnick.

India and the U.S. have already initiated sectoral-level talks for the pact. The two sides are deliberating both on tariffs (related to goods) and non-tariff matters.

To boost bilateral trade, India is seeking duty concessions for labour-intensive sectors like textiles, gems and jewellery, leather goods, garments, plastics, chemicals, shrimp, oil seeds, chemicals, grapes, and bananas in the proposed pact with America.

On the other hand, the U.S. wants duty concessions in sectors like certain industrial goods, automobiles (electric vehicles in particular), wines, petrochemical products, dairy, agriculture items such as apples, and tree nuts.

The terms of reference (ToRs) for the BTA have been finalised by India and the US, which include around 19 chapters covering issues like tariffs, goods, services, rules of origin, non-tariff barriers, and customs facilitation.

The U.S. has on multiple occasions raised concerns over certain non-tariff barriers being faced by American goods in the Indian markets.

The U.S. remained India's largest trading partner for the fourth consecutive year in 2024-25, with bilateral trade valued at $131.84 billion. The U.S. accounts for about 18 per cent of India's total goods exports, 6.22% in imports, and 10.73% in the country's total merchandise trade.

With America, India had a trade surplus (the difference between imports and exports) of $41.18 billion in goods in 2024-25. It was $35.32 billion in 2023-24, $27.7 billion in 2022-23, $32.85 billion in 2021-22 and $22.73 billion in 2020-21. The U.S. has raised concerns over this widening trade deficit.

The 'rules of origin' provision prescribes a minimal amount of materials used or processed in the exporting country to be considered as originating goods in that country.

Under this provision, a country that has inked a trade pact with India cannot dump goods from some third country in the Indian market by just putting a label on it.

It has to undertake a prescribed value addition in that product to export to India. Rules of origin norms help contain dumping of goods.

According to the 2025 National Trade Estimate (NTE) Report on Foreign Trade Barriers of the US, India maintains various forms of non-tariff barriers such as banned or prohibited items that are denied entry into India (example tallow, fat, and oils of animal origin); items that require a non-automatic import licence (example certain livestock products, pharmaceuticals, certain chemicals, certain IT products); and items that are importable only by government trading monopolies and are subject to cabinet approval regarding import timing and quantity (example corn under a tariff-rate quota).

Indian exporters, too, face these barriers in countries like the U.S. and China.

Source: thehindu.com– May 13, 2025

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# US-UK deal: Takeaways for India

US President Donald Trump and UK Prime Minister Keir Starmer announced on May 8 a 'historic trade deal' between the US and the UK. But it related mainly to the general terms (GT) for an eventual Economic Prosperity Deal (EPD). GT is only an interim understanding in some areas that need to be developed and formalised as EPD.

Trump must have felt it urgent to announce the first such deal, even in an interim stage. He is keen to show that his high stakes strategy, of upping tariffs and then leveraging them for trade and tariff bargains with third countries, was working.

Starmer had his own compulsions. The hefty 25 per cent US tariffs on steel and autos (a 2.5 per cent applied tariff to be added on autos) were hurting the already problem ridden British steel and auto sectors.

There are some takeaways for India even from this limited GT outcome. US Commerce Secretary Howard Lutnick has also termed it a blue-print for upcoming deals.

UK's auto, steel focus

Expectedly, UK's key demand was duty elimination on autos and steel. Per the outcome, UK can now annually export 100,000 autos at 10 per cent duty, around the same level as in preceding years. An accompanying arrangement for auto parts will be made. UK had to contend with 10 per cent in-quota duty since it also charges the same on foreign cars.

It can also export steel and aluminium at zero duty up to some allocated quantities, still to be finalised. Per the BT, the quota is dependent on the 'security of supply chains' and 'the nature of ownership of the relevant production facilities'. These are new elements which US is introducing for ensuring economic security.

Co-incidentally, UK Parliament had to pass emergency legislation last month for taking control of British Steel after the Chinese owners, the Jingye Group, did not accept UK government's bail-out plan for keeping the blast furnaces working. Perhaps this is the reason why the fact sheet released with the BT announcement mentions that the US recognises the economic security measures taken by the UK.

GT further mentions UK will get preferential treatment in any further tariffs imposed under Section 232 of US Trade Act (refers to 'national security' considerations) on products beyond those earlier imposed on steel, aluminium and autos. Such investigations are underway in the US on copper, timber, pharmaceuticals and semiconductors.

UK has a particular interest in pharmaceuticals (its exports to US exceeded $7 billion in 2024) in which GT goes a little further stating that if UK supply chains fulfilled the new economic security criteria, US and UK, will negotiate a significantly preferential outcome on pharmaceuticals and pharmaceutical ingredients.

The GT also makes clear that rules of origin used in the EPD will maximise bilateral inputs and prevent third parties from circumventing.

On all other products, US as part of the EPD negotiations agrees to reduce its current applied rates but has not agreed on Britain's request for lifting the 10 per cent baseline tariff. The only relaxation could be preferential access to high quality UK aerospace components sourced by American aerospace manufacturers like Rolls Royce engines.

On two aspects however UK prevailed. One, Britain has not been forced to reduce its 2 per cent digital services tax on US tech firms or make any change to its online safety laws.

Second, there will be no weakening of UK food standards on imports. UK has said hormone-reared beef or chlorinated chicken from the US would not enter the country under this deal.

As for gains for the US there are several. One was the substantial reduction of duty on US goods by the UK from an average of 5.1 per cent to 1.8 per cent. US exporters will also be able to export at zero duty 1.4 billion litres of ethanol annually and 13,000 tonnes of beef (as against a quota of 1000 tonnes with 20 per cent duty now) amounting together to $950 million annually.

Trump expects a $5 billion opportunity for new exports. UK has also indicated purchases of $10 billion worth of Boeing planes even as the deals will be between private parties.

India factor

Following are a few key takeaways considering that Indian negotiators will be in the US later this month for sectoral and other negotiations on India-US BTA:

(i) The EPD when finalised may see UK's tariffs substantially slashed. US maintaining baseline tariffs on most products will mean its final tariffs will be far more than they were early this year. Indian negotiators must argue this cannot be a fair template on tariffs with a country like India. Securing 'more than full reciprocity' for the US would be totally iniquitous.

(ii) A key expectation of India from the BTA, also reflected in the joint statement of February 13, is India gets to enhance its exports of labour intensive products. These include textiles and clothing, footwear and jewellery. US simply reducing/eliminating its applied tariffs but maintaining some level of reciprocal tariffs will neutralise all benefits from the BTA.

(iii) US Commerce Secretary Lutnick has referred to UK wanting to sell Rolls Royce engines in return for agreeing to buy $10 billion airplanes as a model of reciprocity for other countries. Fortunately there are several potential ones in the case of India covering various sectors (including that of Starlink which has already received an LOI) which need consolidation and effective bargaining. But this cannot be insisted upon for every sector.

(iv) Economic security of supply chains is emerging a key consideration particularly for Section 232 products. India should be able to demonstrate this in steel, aluminium and auto sectors. It would be urgent to find ways to extend this to also pharmaceuticals. Many Indian companies also have manufacturing units in the US. Being a country still developing its manufacturing, quotas in autos or steel for India should not be decided on past trade levels but future potential.

(v) UK has demonstrated grit in sticking to its regulatory red lines. We should also do so whether it relates to unacceptable TRIPS plus provisions, our food security needs or standards, digital safety and privacy requirements or taxation related matters.

(vi) Admittedly, rules of origin need to be crafted in a manner to keep out circumventing. But special needs of gems and jewellery, petroleum refining or fisheries sectors need tailored rule setting as in some of India's more recent FTAs.

Source: thehindubusinessline.com– May 14, 2025

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## Why manufacturing-led export still matters for the poor countries

With the spectre of deglobalisation looming large, developing economies are scrambling to devise new growth strategies. The most effective path to development in recent history — specialising in export-oriented, unskilled labour-intensive manufacturing — now appears to be blocked. The model that once propelled the economies of South Korea, Taiwan, Singapore, China, and Vietnam is becoming less accessible for countries in South Asia and Sub-Saharan Africa.

What made the traditional development model so successful was its reliance on exports, which enabled countries like South Korea to tap into virtually unlimited global demand, freeing them from the constraints implied by narrow domestic markets.

Another key strength of the manufacturing-led growth model was that it ensured productivity gains were aligned with available labour resources, largely owing to the learning-by-doing dynamic that enabled countries to boost efficiency within existing sectors while gradually moving up the value chain. Economies could start with low-productivity exports and, as the workforce became more educated, shift to more skill-intensive export sectors. Consequently, growth was both rapid and inclusive, and thus more sustainable.

But those days are long gone, or so it seems. As the world braces for an era of protectionism and deglobalisation, two alternative development strategies have come to the fore. The first, proposed by Rohit Lamba and Raghuram G Rajan, suggests that developing countries — India in particular — should focus on skill-intensive exportable services.

While their proposal retains some of the advantages of the old manufacturing-led model — tapping into global demand and promoting efficiency — its biggest drawback is that only a minuscule fraction of the workforce can directly benefit from it.

Even India — the posterchild for this strategy among developing countries— employed less than 2.5 per cent of its workforce in the sectors that could be considered skill-intensive and tradable in 2024.

The second strategy, proposed by Dani Rodrik and Rohan Sandhu, contends that the window for labour-intensive exports has narrowed dramatically, and that AI and automation will further erode manufacturing's ability to generate new jobs. In response, they advocate focusing on productivity gains in non-tradable services. The limitations of such a strategy are twofold. For starters, new technologies are just as likely to displace workers in non-tradable service sectors as they are in manufacturing.

Moreover, non-tradable services are not uniformly low-skilled. Some sectors — such as telecommunications and finance — are highly skilled and productive. By contrast, sectors like retail and caregiving are more accessible to unskilled workers but tend to have limited potential for productivity growth. This dynamic, famously captured by the so-called Baumol effect, means that non-tradable services are unlikely to become engines of sustained, inclusive economic growth in the way that manufacturing once did.

So, where does this leave developing countries? Surprisingly, while the traditional manufacturing-led strategy is not as effective as it once was, it remains a viable path for today's poor countries— provided that middle-income countries vacate the export space they currently dominate. Simple arithmetic helps illustrate this point.

For example, Brazil, China, South Korea, Taiwan, and Mexico account for about two-thirds of low and mid-skilled manufacturing exports, which amounted to about $5.3 trillion in 2023. Over the coming decade, rising wages and geopolitical shifts will likely push these countries to move up the value chain or reduce their reliance on exports altogether.

Such a shift could open up space for low-income countries to step in. If they were able to capture even half of the vacated export markets, along with a share of China's growing domestic demand, which we estimate to be at least a half-trillion dollars, they could more than double their current exports to $2-2.5 trillion.

And if low-income countries can do this, it could create 50-60 million new jobs in their economies — even if the employment potential of export-led manufacturing is only half of what it once was due to labour-displacing technological change. For perspective, China's 150 million manufacturing workers helped raise living standards for 1.4 billion people.

Admittedly, the path has become more challenging — particularly for countries that rely heavily on the US as a trading partner. But that does not make the manufacturing-led growth model obsolete. Instead, it underscores the need for strategic adaptation. Poor countries must diversify their trade relationships and engage more with middle-income economies to nudge them to vacate the export markets that low-income economies could enter.

Deglobalisation and technological change have accelerated the search for viable alternatives to export-led development. But a sober assessment reveals a difficult trade-off: High-skilled exportable services may offer dynamism or durability but not broad inclusion, while non-tradable services offer inclusion but limited dynamism. Even if the growth miracles of China, South Korea, and Taiwan can no longer be fully replicated, the traditional strategy of focusing on unskilled, labour-intensive manufacturing exports remains a promising path — and may still offer the best chance of achieving shared prosperity in the world's poorest regions.

Source: business-standard.com– May 15, 2025

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# India en route to boost Gulf trade amid tensions with Pakistan

India is deepening its economic ties with the Gulf, finalising trade deals, in the backdrop of enduring tensions with Pakistan. Most of the Gulf nations had taken a neutral stance during the conflict between two sides while urging restraint and de-escalation.

India may soon ink a free trade agreement with Oman, its oldest strategic partner in the region. Talks for the IndiaOman FTA are almost complete, and an announcement is expected this month, said people in know of the development.

New Delhi is "seriously considering" similar pacts with other Gulf countries such as Qatar, the people said. Qatar — whose Emir visited New Delhi this February and is looking to make major investments in India — stayed neutral during the India-Pakistan conflict.

India already has a trade deal with the UAE. It is also negotiating an FTA with the Gulf Cooperation Council (GCC) to further enhance cooperation in trade, energy, investment, and security with the region. The GCC comprises Saudi Arabia, the UAE, Qatar, Kuwait, Oman and Bahrain. Talks for the IndiaOman Comprehensive Economic Partnership Agreement (CEPA), formally began in November 2023.

"Only a few issues are left to be resolved with Oman and an announcement could be made this month," said one of the persons cited above.

India's goods exports to Oman reached $4.42 billion during the April-February period of FY25, while imports were at $4.52 billion. India's key imports are petroleum products and urea — together accounting for more than 70% of the import bill.

Propylene and ethylene polymers, pet coke, gypsum, chemicals, and iron and steel are the other key imports from the Gulf nation. Its main export items to Oman are light oils and preparations; ships, boats and floating structures; aluminium oxide other than artificial corundum; rice; boilers, machinery and mechanical appliances, parts thereof; aeroplanes and other aircraft; sunglasses; meat and edible meat offal; birds' eggs; fruits, vegetables, spices, tea, and coffee.

The two sides have also signed the protocol to amend the India-Oman Double Taxation Avoidance Agreement (DTAA), aligning it with international standards on crossborder taxation. Investment flows, both ways, have been robust, reflected in numerous joint ventures in both nations.

Such joint venture investments in Oman are estimated at $776 million as of December 2023. Total FDI inflows from Oman to India during April 2000 to June 2024 stand at $597.14 million, as per a factsheet of the Indian Embassy in Oman.

Source: economictimes.com– May 15, 2025

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# National Manufacturing Mission: A new blueprint to boost 'Make in India'

National Manufacturing Mission (NMM), announced in this year's budget, attempts to push 'Make in India' into top gear. This can be accomplished by integrating India into GVCs and creating employment opportunities. Translating NMM's goals into concrete outcomes requires supporting sector-specific clusters through industrial policy interventions, fiscal support, cutting cost disadvantages and enhancing ease of compliance.

On the policy front, NITI Aayog and some line ministries like MeitY have been engaged in understanding what would move the needle. NITI Aayog has published well-researched reports on specific sectors. The one on auto and auto component sector points out that momentum exists in eight clusters, including NCR, Pune and Chennai, that have attracted both domestic and global players, offering advanced manufacturing facilities and extensive logistics networks.

But these clusters also face significant challenges, including limited access to modern tech tools and inadequate warehousing facilities. These limitations impede operational efficiency and competitiveness.
There is an opportunity to transform some of these into big auto clusters with world-class facilities in collaboration with anchor players focused on specific segments, products or components.

Creation of plug-and-play facilities in these clusters will ensure minimal setup time for industries, and provide common and shared infrastructure. Provision of common design and R&D facilities, factories and tool rooms, testing and training facilities, and logistics support within these mega-clusters will make manufacturing even more competitive at a global scale, draw in anchor players, and ensure a greater share of the automotive GVC moves to India.

Cost disadvantages continue to dog Indian manufacturing, especially vis-a-vis key competitors such as China and Vietnam. But India can't wait while structural solutions to these disabilities are found. It needs well-designed, sharply focused and easy-to-deliver fiscal incentives.

Despite much criticism of PLIs, their contribution to delivering quantum growth of exports in the electronics sector can't be glossed over. Success has come usually when three conditions are fulfilled:

Participation of an anchor brand representing a sizable share of global trade.

A simple set of eligibility criteria easy to verify.

Timely disbursements matching the speed of incentive roll-out in peer countries.

The realignment of value chains will remain a mirage if Indian MSMEs can't script success stories alongside anchor brands relocating to India. A beginning has been made with MeitY's incentive scheme for electronic components.

Deepening the component manufacturing system will enable India to improve value addition on manufactured products and, thereby, maximise advantage from the fresh set of trade agreements on the anvil. Besides electronics, there is scope to follow this through in a few other sectors as well.

Incentive schemes are one way to level the playing field in the short term, as far as cost disabilities are concerned. A more durable solution would be to rekindle the mantras that sparked India's path to a higher trajectory of economic growth 1991 onwards.

Creeping cost of regulation for manufacturing - from licences to tariffs to mandatory testing and product certification - needs a thorough audit and review. For instance, the quality regime intended to prevent cheap, low-quality products from flooding our markets should be an enabler for genuine Indian manufacturing, rather than an obstruction.

Quality control orders (QCOs) have a definite role to play in ensuring benchmarks for products finding their way into the Indian market. However, deepening the manufacturing value chain takes time. So, for raw materials and intermediate goods not readily available in India, rationalisation of QCOs is imperative. For starters, it is important to convince major manufacturers to make and export from India. A more graded approach to QCOs would go a long way towards achieving this objective.

Participation of anchor players results in several advantages. They catalyse establishment and growth of cutting-edge tech in their respective sectors. Once they invest in such plant and equipment in India, they will also galvanise creation of a future-ready skilled workforce and vendor ecosystem that can operate and provide the input for such technologies.

The announcement of NMM comes at an opportune moment. As global brands seek to relocate production to diversify sourcing and mitigate risks, India must ride the upswell of manufacturing opportunity that's bound to arise.

Source: economictimes.com– May 14, 2025

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## Why Trump tariffs aren't all bad news in India's garment hub

Festive season is some distance away. But Pooja's thoughts have moved to her savings kitty. The 27-year-old has plans – leftovers from last year, plus new ones – and this is an important time to make them happen. April is the tail end of peak export season that begins in Sept. But this year, it doesn't feel like it.

"There has been no overtime for several weeks," says Pooja, briefly pausing her station on a stitching line that stretches end to end in parallel lines on the cavernous second floor of garment exporter Sonu Exim at the Sector 83 industrial zone in Noida, UP.

This is the highly skilled section of the garment factory that employs 1,500 workers in different functions across five floors – the first for cutting fabric, third for finishing touches like fixing loose threads or sequins, fourth for quality checks, and fifth for chemicals treatment to soften the fabric and 'lock' the colour.

Packing, the final step, is a separate section where garments are ironed, folded, tagged and placed into cartons for shipping.On the second, Pooja and her colleagues sit behind an orchestra of sewing machines that is just finishing up with brown shimmer-sequined tops for an American buyer. Not a thread should be out of place in the export-quality tops, so the stitchers work with meditative focus. The whirr of machines blocks out all other noise, keeps them in the zone. "It's for one of our regular buyers," a supervisor says. "We're finishing one of the last batches of last season's orders."

Usually, workdays in April stretch to 9pm and the extra cash from overtime is handy, she says. "But this month and in March, we have been wrapping up by the usual 6.30pm," says Pooja, who knows "something is amiss" but isn't quite sure what. Why American slowdown will hurt For the textile clusters of Gautam Budh Nagar – one of India's top exporters of readymade garments with 4,000-plus units that make clothes for brands like GAP, Ralph Lauren, Tommy Hilfiger, Zara, Mango, Walmart, Target, Macy's and more – the "something amiss" factor has been building up with US President Donald Trump's announcements of new trade tariffs and threats to slap more. US was the top destination of India's textile exports in FY '24, accounting for 28% of the trade. Among readymade garments exported from here as well as units in Gurgaon and Faridabad to the US, the bulk is women's clothing like blouses, tops, skirts, trousers, resort wear and kaftans. Men's shirts, T-shirts and trousers are majorly manufactured in units in the south, like Tirupur in Tamil Nadu.

A baseline tariff of 10% came into effect on April 5 and the possibility of an additional 26% – announced by Trump but put on hold for 90 days – looms. But what export unit owners fear will hit them before tariffs do is weakening buying sentiment in the US. They have been warily reading forecasts of America going into recession as Trump throws trade channels into a churn. Workers, too, speak of "mandi" (slowdown) in America. "If that happens, it's a scary thought for us because our jobs will get directly affected. I don't understand tariffs, but I hope our jobs and incomes remain safe," says Rajeev, who works in the finishing department of an exporter.

The health of the US economy is linked to the wellbeing of thousands of families like that of Heeba, who came to Noida from Aligarh two months ago and began working at a loungewear exporting unit in Sector 6.

"I learnt some stitching from my father but this is my first job in a professional setup. I took up the job to increase my family's income," says the 22-year-old who makes Rs 12,000 per month.Mahesh Pal (48) is on the other end of the experience spectrum, stitching garments for two decades. "This is the only work I have ever done," says Pal, who is from Mahoba. "I never got formal training, just learnt on the job. Now I train new joiners," he says.

From Trump churn, an opportunityThe churn triggered by 'Trumponomics' hasn't lashed Indian shores yet. But ripples, even if minor, are visible. "Buyers are asking for a 5% discount, essentially to share the burden of the 10% tariff," says Nikhil Thukral of Twenty Second Miles, a Noida-based apparel firm that exports garments worth Rs 30-40 crore annually to the US, Europe and Dubai. "Most exporters have agreed to this to maintain long-term relationships with buyers. But new orders have slowed down.

It's a wait-and-watch situation. We hope the US reduces tariffs on India after the 90-day pause," he adds.The other headwind is the rise in freight cost as a fallout of the US-China trade war. "Because of the uncertainty around tariffs, freight rates have gone up by 10%. Containers were stuck in Chinese ports (because of uncertainty around port fees US intends to charge Chinese vessels)," says an exporter. "This has hit delivery timelines. But the ships have begun moving now and the backlog is slowly clearing up."

But there's also opportunity. While China, the world's largest textile exporter, is locked in a tariff battle with the US, other big textile-exporting countries like Vietnam (46%) and Bangladesh (37%) have much higher tariffs than India's. Indian exporters are also hopeful that Delhi and Washington will thrash out a trade deal.

US treasury secretary Scott Bessent's remark on April 24 that the two countries were "very close" to one led to fresh optimism that India would find a way past tariffs. China plus one helps, Besides, India will continue to benefit from the 'China plus one' model as companies look to diversify their supply chain (evident in the huge expansion of Apple's iPhone manufacturing in Tamin Nadu).

"Global companies have been working on this model for two to three years. Irrespective of the outcome of tariffs, India will gain traction as a base for manufacturing due to the availability of a cheap labour force," says Arvind Rai of Modelama Export Pvt Ltd, which manufactures and exports woven garments, outerwear, tops, dresses, kids' wear, men's shirts, scarves, ponchos, trousers and jackets. "[Political] trouble in Bangladesh had a positive impact on the apparel and textile industry of India. Our orders increased by 10-20% across the board and it is likely to sustain," he adds.

What most Indian exporters don't have, however, is the ability to scale up quickly to prepare for a scenario where even 5% of orders from China are diverted here. Anuj Goel of Sonu Exim, which runs three factories in Noida and exports Rs 250 crore worth of apparel annually to the US and Europe, says, "We are already struggling to complete orders in peak season. Raw material supply from Surat, Salem, Bhiwandi and Ludhiana cannot keep up. Unless the supply chain scales up, we cannot handle additional demand."

In fact, India would have to depend on supplies from China, which accounts for 62% of our total fabric import. Anurag Kapoor of RADNIK, one of the leading exporters in the district, agrees scaling up is a challenge but says it's doable. "If our buyers give a five-year commitment, we are ready to invest and scale up," he says, citing Bangladesh's example after the 2023 mass arrests of opposition functionaries that led to a period of turmoil. "When political instability erupted in Bangladesh, Indian exporters began scaling up production as one of our biggest competitors was facing economic turmoil. But as Bangladesh's economy became stable again, our expansion projects had to be abandoned. So, we need a guarantee from buyers," he explains. Many of the American clients are catalogue buyers, wholesalers who have sampling stores for retailers to choose from.

Lean season to help re-strategise? Roshan Baid of Paragon Textiles, which exports primarily to the US, says the current lean season is a good time to prepare. "We are already past the peak and summer collections have been sent out. If there is a confirmed increase in orders, we're ready to expand. Many of us have planned units at the new Yamuna apparel park," he says. India exported $10.5 billion worth of textile and apparel products to the US in 2024, accounting for 28.5% of India's total textile exports. Of this, readymade garments accounted for $8.7 billion, the largest share.

While India holds just 3.9% of the global apparel trade, it has steadily emerged as a preferred partner for US buyers in recent years. To capitalise on the opportunity, exporters want bigger govt support through subsidies for MSMEs, investment in logistics, and faster raw material supply. "We have an abundant labour force, our wages are competitive, our govt is stable and our economy is strong. These are all India's advantages. India is also among top cotton producers of the world, so we can support a large garment industry. With govt support, the garment industry can grow much bigger," says an exporter, urging the state to come up with incentive schemes.

Source: business-standard.com– May 10, 2025

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## India's MMF & blended yarn markets see mixed trends, FDY yarn up

India's man-made and blended yarn markets witnessed a mixed trend today. Polyester-cotton and polyester spun yarn prices eased in the Ludhiana market amid sluggish demand, but specialised polyester yarn like FDY traded higher in Surat due to a demand-supply mismatch. Viscose yarn traded almost steady in Surat and Mumbai; however, Surat saw a decline in viscose vortex yarn prices due to higher supply from China.

Cheaper imports and a weaker dollar against the Indian rupee have made imported viscose yarn more attractive. Market sources indicated that Ludhiana has yet to recover from nervousness related to the India-Pakistan conflict. Regarding viscose yarn, traders expect demand to improve in the second half of June when production activities for the upcoming festival season pick up across the textile value chain.

Polyester-cotton, polyester spun yarn, and recycled polyester fibre recorded a price drop of ₹2-4 per kg in the Ludhiana market. Slow demand, the recent India-Pakistan conflict, and payment constraints contributed to the price fall. A trader from Ludhiana told Fibre2Fashion, "Buyer interest was lacking due to geopolitical uncertainty.

Although markets reopened after the ceasefire between India and Pakistan, trade remains thin. Cities in Punjab are still facing night-time blackouts. The recent tension has added to the woes of the yarn trade, which was already dealing with seasonal sluggish demand." The market is expected to recover from this disruption in the coming days.

In Ludhiana, 30 count PC combed yarn (48/52) traded at ₹202-211 (approximately $2.37-2.47) per kg (GST inclusive); 30 count PC carded yarn (65/35) at ₹190-200 (approximately $2.23-2.35) per kg; 20 recycled polyester yarn at ₹114-118 (approximately $1.34-1.38) per kg; 30 count polyester spun at ₹148-158 (approximately $1.74-1.85) per kg (GST inclusive); recycled polyester fibre (PET bottle fibre) at ₹77-79 (approximately $0.90-0.93) per kg and virgin polyester fibre at ₹96 (approximately $1.13) per kg.

Meanwhile, the Surat market saw a price rise of ₹2 per kg for specialised yarn like fully drawn yarn (FDY), although polyester spun yarn prices remained unchanged. According to market sources, slow demand and payment constraints discouraged polyester yarn purchases, but specialised yarn prices rose due to a demand-supply mismatch. Supply was insufficient to meet even below-normal demand in this segment. Traders admitted that the market had weakened last week due to the India-Pakistan conflict but returned to normal trading after the ceasefire.

In Surat market, 30 count polyester spun yarn was traded at ₹142-143 (approximately $1.67-1.68) per kg (GST extra); 40 count poly spun yarn at ₹156-158 (approximately $1.83-1.85) per kg; 50/48 fully drawn yarn (FDY) at ₹115-116 (approximately $1.35-1.36) per kg; 75/72 FDY at ₹106-107 (approximately $1.24-1.25) per kg; and 75 bright yarn at ₹106-107 (approximately $1.24-1.25) per kg.

Viscose yarn prices remained stable in Mumbai and Surat, except for a decline in vortex yarn prices in Surat. Both markets faced slow demand amid sufficient availability. Market sources said there was weak demand for viscose yarn, but supply from domestic and international sources was better. A trader from Surat noted that Chinese suppliers are offering lower prices, increasing the availability of viscose yarn, especially vortex yarn. Demand is expected to pick up in the second half of June. The latter part of the year will mark the beginning of the festival season.

In Mumbai, imported 30 count viscose vortex yarn was priced at ₹203-207 (approximately $2.38-2.43) per kg; and local 30 count ring-spun viscose yarn at ₹204-209 (approximately $2.39-2.45) per kg.

In Surat, 30 viscose compact yarn (local) was sold at ₹218-220 (approximately $2.56-2.58) per kg (GST extra) and 30 viscose vortex yarn at ₹202-203 (approximately $2.37-2.38) per kg.

In north India, cotton prices eased by ₹20-30 per maund of 37.2 kg over the past week. Weak demand and a decline in ICE cotton futures were responsible for the fall. Although arrivals in north India are declining as the season ends, slow buying, tight payment conditions, and weaker ICE cotton discouraged purchases. Trade sources said ICE cotton was the major factor behind falling domestic prices. Trading remains slow in Punjab despite the ceasefire.

North India's cotton arrivals totalled 800 bales (170 kg each), comprising 500 bales in Haryana, 250 in upper Rajasthan, and 50 in lower Rajasthan. Punjab reported no fresh arrivals. Cotton prices ranged from ₹5,750 to ₹5,760 (approximately $67.43–67.55) per maund in Punjab; ₹5,620–5,660 (approximately $65.91–66.37) in Haryana; ₹5,760–5,780 (approximately $67.55–67.78) in upper Rajasthan; and ₹54,200–₹55,300 (approximately $635.60–648.50) per candy of 356 kg in lower Rajasthan.

Source: fibre2fashion.com– May 14, 2025

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