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Currency Watch			
USD	EUR	GBP	JPY
85.02	96.91	115.41	0.60

INTERNATIONAL NEWS	
No	Topics
1	Trump Threatens EU With 50% Duties, Says Trade Talks 'Going Nowhere'
2	Global economy expected to see slowdown: CaixaBank
3	Export losses of $305 bn expected in 2025: Allianz Trade Global Survey
4	China Weaponizes Subsidies: A strategic play for textile dominance amidst global price wars
5	China ready to work with Germany for new chapter in strategic ties: Xi
6	China's textile and apparel exports edge up despite US tariffs in April
7	Uncertainty, fear can heavily affect global freight rates: Xeneta
8	Menswear dominates Japan's Q1 apparel imports from Bangladesh
9	UK consumer sentiment up, retail spending flat in May: BRC-Opinium
10	Bangladesh: Gas crisis still choking textile mills

NATIONAL NEWS	
No	**Topics**
1	India calls for dismantling of export controls among BRICS members at 15th BRICS Trade Ministers' Meeting
2	Union Minister of Textiles, Shri Giriraj Singh interacts with the industry representative and beneficiaries of Samarth
3	India-EU FTA: Goyal meets European counterpart for second time in a month
4	India world's 4th largest economy, overtakes Japan: NITI Aayog CEO
5	How FTAs with US, EU, UK will impact India's farm trade
6	Bustling Petrapole border belies faltering India-Bangladesh trade
7	Pursue trade deals, but focus equally on enhancing industry competitiveness
8	After decline, cotton acreage in Punjab witnesses marginal uptick

INTERNATIONAL NEWS

Trump Threatens EU With 50% Duties, Says Trade Talks 'Going Nowhere'

President Donald Trump is renewing his tariff threats against the European Union, saying he'll implement 50-percent duties on goods made in the 27-nation trade bloc.

"The European Union, which was formed for the primary purpose of taking advantage of the United States on TRADE, has been very difficult to deal with," the Commander in Chief Truthed early Friday morning.

He accused the EU of perpetuating high trade barriers, value-added taxes (VAT), corporate penalties, non-monetary trade barriers, monetary manipulations, and "unfair and unjustified" lawsuits against American corporations, among other grievances.

These actions have led to a trade deficit with the U.S. of over $250 million, the president said—calling the number "totally unacceptable." Trump also said that discussions with leaders "are going nowhere," and therefore, he's recommending that an across-the-board 50-percent duty be implemented on June 1. The proposed duty rate is significantly higher than the 20 percent announced on "Liberation Day" in April.

French trade minister Laurent Saint-Martin took to X, writing, "We are sticking to our position: de-escalation, but ready to respond." Meanwhile, Irish Prime Minister Micheal Martin said the announcement from the White House was "enormously disappointing."

Minutes earlier, Trump also went after Apple—a frequent target of his tirades—for the company's perceived failure of not manufacturing its electronics stateside.

"I have long ago informed Tim Cook of Apple that I expect their iPhone's that will be sold in the United States of America will be manufactured and built in the United States, not India, or anyplace else," he wrote, adding that he plans to levy duties of 25 percent on Apple products.

Treasury Secretary Scott Bessent appeared to back up the president's EU tariff saber-rattling during an appearance on Fox News Friday morning. "EU proposals have not been of the same quality that we've seen from our other important trading partners," he explained. "I'm not going to negotiate on TV, but I would hope that this would light a fire under the EU," he added, Bessent said, saying that the bloc "has a collective action problem."

Notably, the Treasury lead's comments come just one day after he concluded meetings with G7 leaders including European Commission Executive Vice President Valdis Dombrovskis in Alberta, Canada. Finance and central bank officials from the Group of Seven democracies—Canada, France, Germany, Italy, Japan, the United Kingdom and the U.S.—came together with the stated goal of rectifying the "excessive imbalances" in the global economy. The meeting set the stage for a G7 summit will be held in the Canadian Rocky Mountain town of Kananaskis on June 15.

Trump's early-morning social-media missive caused markets to shudder. The S&P 500 fell 0.3 percent while the Dow Jones Industrial Average dropped 0.2 percent, or 90 points, and the Nasdaq Composite lost 0.5 percent.

Meanwhile, Apple stock tumbled 2.4 percent—nearly 5 points—soon after the president's targeted tariff threat.

Source: sourcingjournal.com– May 23, 2025

HOME

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Global economy expected to see slowdown: CaixaBank

Though there are no clear signs of a slowdown in trade flows now, with uncertainty at peak levels, the global economy is expected to see a slowdown, with more risks to the downside and more questions than answers, according to CaixaBank, formerly called Criteria CaixaCorp.

According to the initial estimates, the US economy shrank by 0.1 per cent quarter-on-quarter (QoQ) in the first quarter this year (the first negative growth since 2022) and the year-on-year (YoY) rate of change moderated by 0.5 pps to 2.0 per cent. However, the impact of Trump's policies is starting to weigh on the economy.

In the euro area, GDP grew 0.4 per cent QoQ in Q1 2025 (versus 0.2 per cent in the previous quarter), with the YoY growth rate standing at 1.2 per cent. While imports have acted as a headwind in the US, the latest data indicate that exports have served as a tailwind on the other side of the Atlantic, the Spanish multinational financial services company observed.

Given the choreography and magnitude of the tariff hikes imposed by the US administration, they will continue to have economic implications around the world, as well as knock-on effects on financial markets and on agents' confidence, it said.

Although a material reduction in the flows of goods is likely over the coming months, particularly between the United States and China, the impact so far is still limited, it added.

Source: fibre2fashion.com– May 25, 2025

HOME

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Export losses of $305 bn expected in 2025: Allianz Trade Global Survey

The wave of new US tariffs has dramatically dampened the mood among exporters, with 42 per cent of companies surveyed worldwide now expecting a drop in their export revenues between 2 per cent and 10 per cent, according to a study released recently in Hamburg by credit insurer Allianz Trade.

Before the so-called 'Liberation Day', when US President Donald Trump announced new tariffs against nearly all trading partners in early April, only 5 per cent of companies anticipated such a drop.

Positive export forecasts with expected revenue increases have more than halved, falling to just 40 per cent. Allianz Trade chief executive officer Aylin Somersan Coqui said that globally, export losses of $305 billion are expected in 2025.

The credit insurer surveyed 4,500 exporters in Germany, France, Italy, Spain, Poland, the United Kingdom, the United States, Singapore, and China about global trade in March and April.

The responses became noticeably more pessimistic following Trump's announcements. In Germany, 39 per cent of respondents expect a decline in their export revenues.

Meanwhile, some of the new tariffs against the European Union (EU) and China have been put on hold to allow 90 days for negotiations. With new deals, Trump aims to put trade relations with numerous countries on a new footing. "The big stockpiling is likely entering its second round now," said Allianz Trade expert Jasmin Groschl.

"In the coming months, companies will try to export as much as they can—and at the same time, fill their own warehouses with goods needed for their own production and business," she noted.

Twenty-four per cent of German companies reported that they had already started this process before the US election in November 2024. Many more firms became active after the election.

Some companies may resort to drastic measures. In Germany, 34 per cent of surveyed firms said they are considering a temporary halt to production. This is especially the case in industries that are heavily dependent on imported intermediate goods. Globally, the figure stands at 27 per cent.

According to Groschl, smaller suppliers could be forced out of the market, while larger corporations might be able to weather such measures. "However, such a step is likely to be taken only in extreme cases," he noted.

Nearly half of respondents worldwide expect an increased risk of payment defaults—especially in the United States, Italy and the United Kingdom.

In Germany, 37 per cent anticipate deteriorating payment discipline, and 34 per cent expect more payment defaults.

To cope with their own higher costs, 38 per cent of companies globally said they intend to pass them on to customers. This intention is particularly strong in the United States, at 54 per cent. German exporters are more cautious, with only 32 per cent planning price increases. In fact, 17 percent in Germany even plan to lower prices to maintain market share.

Source: fibre2fashion.com– May 25, 2025

HOME

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China Weaponizes Subsidies: A strategic play for textile dominance amidst global price wars

Despite the narrative of a global apparel pivot away from China, the reality on the ground paints a different picture. Far from retreating, China is strategically leveraging a sophisticated web of state support to maintain and even enhance its formidable position in the global textile and apparel industry. This isn't merely about cheap labor; it's a calculated long-term strategy involving substantial financial steroids, upstream supply chain dominance, and a controversial yet integral role for regions like Xinjiang. The underlying goal is clear: to ensure the world continues to play on China's terms.

The Anatomy of Chinese Textile Subsidies: Breaking down the financial steroids

China's textile industry benefits from a multi-faceted approach to state support, effectively creating an environment where domestic producers can consistently undercut global competitors on price. These subsidies are not always direct cash handouts; they often manifest as a complex interplay of financial incentives and preferential policies.
Key forms of subsidies and their impact:

● VAT Export rebates: A significant portion of value-added tax (VAT) paid by Chinese textile manufacturers is rebated upon export. While the exact rebate percentages vary by product and policy, they serve as a substantial cost reduction mechanism for exporters.

● Subsidized energy and utilities: Chinese textile manufacturers often enjoy preferential rates for electricity, water, and other essential utilities. This lowers operational costs significantly, particularly for energy-intensive processes like dyeing and finishing.

● Free or heavily subsidized land: Local governments frequently offer free or extremely low-cost land leases to textile companies, especially in industrial zones designated for development.

● Cash grants and preferential loans: Direct cash grants are provided for technological upgrades, environmental compliance, and capacity expansion. State-owned banks offer preferential loans with lower interest rates and longer repayment periods.

● Infrastructure investment: The government invests heavily in infrastructure, including transportation networks, ports, and logistics hubs, further driving down supply chain costs for Chinese textile producers.

● Tax incentives: Beyond VAT rebates, various tax holidays, reduced corporate income tax rates, and other tax breaks are often extended to textile enterprises.

Case Study: Breaking the pricing inputs

Consider a scenario where a textile manufacturer in Bangladesh is calculating the cost of producing a cotton T-shirt. They must factor in the full market price for raw cotton, energy, land, and standard commercial loan rates. A Chinese competitor, however, benefits from:

● Raw material (Cotton): While China is a major cotton producer, the industry also imports. However, even domestically, cotton production in Xinjiang benefits from significant subsidies, including direct payments to farmers and incentives for cotton planting. This can depress the effective domestic price for mills.

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Click here for more details

Source: fashionatingworld.com– May 23, 2025

HOME

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China ready to work with Germany for new chapter in strategic ties: Xi

President Xi Jinping recently said China is prepared to work with Germany to steer bilateral ties towards new progress and make fresh contributions to world economic growth.

In a telephonic conversation with German Chancellor Friedrich Merz, Xi said the strategic and global significance of China-Germany and China-European Union (EU) ties has become even more prominent as the world undergoes accelerated changes unseen in a century and the international landscape is marked by transformation and turbulence.

China is willing to maintain close high-level exchanges with Germany, respect each other's core interests and consolidate the political foundation of bilateral relations, he was cited as saying by a state-controlled media outlet.

Xi said both sides should not only continue to expand the existing cooperation in traditional areas, but seek more collaboration in cutting-edge fields like artificial intelligence and quantum technology, and strengthen exchanges and cooperation in areas including climate change and green development.

China hopes Germany will offer more policy support and facilitation for two-way investment, and provide a fair, transparent and non-discriminatory business environment for Chinese enterprises, he added.

Source: fibre2fashion.com– May 25, 2025

HOME

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China's textile and apparel exports edge up despite US tariffs in April

China's textile and apparel exports showed modest growth in April 2025 despite heightened trade tensions due to new "reciprocal tariffs" imposed by the United States.

According to the General Administration of Customs, textile and apparel exports reached $24.19 billion, up 1.5 per cent year-on-year and 3.4 per cent month-on-month.

Textile exports rose by 3.4 per cent to $12.58 billion, while apparel exports slipped 0.5 per cent to $11.61 billion.

From January to April, cumulative exports in the sector totalled $90.47 billion, a 1.1 per cent increase over the same period last year. Textile exports accounted for $45.85 billion, rising 3.8 per cent, whereas apparel exports fell 1.5 per cent to $44.62 billion.

In yuan terms, January-April exports stood at 649.54 billion yuan, up 2.2 per cent year-on-year. While textile exports climbed 4.9 per cent, apparel dipped by 0.5 per cent.

The uneven trend reflects lingering global trade uncertainty and pressure on China's apparel shipments.

Source: fashionatingworld.com– May 23, 2025

HOME

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Uncertainty, fear can heavily affect global freight rates: Xeneta

Uncertainty and fear can have a major impact on freight rates, even in the absence of more tangible factors like a squeeze on available capacity or port congestion, according to Xeneta.

Freight rates spiralled during the COVID-19 pandemic and then again following the escalation of conflict in the Red Sea. Unlike these previous global supply chain shocks, the spike in spot rates resulting from the lowering of tariffs will have a shorter expiration date, the Norway-based ocean and air freight market intelligence firm said.

Following a drop in demand during the early months of the pandemic, there was an explosion in consumer demand. This time around, the increase in demand is to allow shippers to build up inventories in case tariffs increase again when the 90-day window closes.

There will not be a major increase in consumer demand in 2025 either. While tariffs are lower, they are still higher than they were previously, so there is every likelihood this will subdue consumer demand, Xeneta noted in a blog post.

Once shippers have built up inventories, they will not continue to frontload imports. Demand will, therefore, ease and carriers will once again be struggling to fill their ships.

This means the traditional third-quarter (Q3) peak season will arrive earlier in 2025, but it should not take too long for spot rates to soften and continue the downward trend seen during Q1.

Carriers may start removing capacity in response, just as they did while the 145-per cent tariffs were in place, but it will probably not be enough to stop rates falling to levels not seen since Q4 2023, the company observed.

Spot market developments in the coming weeks are also hugely significant in determining the best time to market for any shippers who delayed negotiations over new long term contracts, it added.

Source: fibre2fashion.com– May 25, 2025

HOME

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Menswear dominates Japan's Q1 apparel imports from Bangladesh

Japan's apparel imports from Bangladesh surged by 17.22 per cent in the first quarter of 2025, rising to $388.008 million from $331.641 million in the same period of the previous year. Men's wear was the largest category, accounting for $159.330 million or 41.06 per cent of the total. Bangladesh's market share also increased from 5.94 per cent to 6.47 per cent, although it remained the fourth-largest garment supplier to Japan. Japan's total apparel imports reached $5.996 billion in the first quarter of 2025, up from $5.581 billion in the same quarter of the previous year.

During January–March 2025, Japan imported unisex apparel from Bangladesh worth $124.902 million, representing 32.19 per cent of the total. Imports of women's garments stood at $97.545 million (25.13 per cent), while baby wear was valued at $6.230 million (1.61 per cent), according to Fibre2Fashion's market insight tool TexPro.

A material type analysis of trade data indicated that cotton garments comprised 67.23 per cent of total apparel imports from Bangladesh, valued at $260.845 million in the first quarter. Imports of man-made garments totalled $93.038 million (23.98 per cent), wool/animal hair $146,657 (0.04 per cent), silk $1,965.68, and others $33.976 million (8.76 per cent) during the period.

Japan imported woven garments worth $203.325 million (52.40 per cent) and knitted garments worth $184.682 million (47.60 per cent) in the same period. Out of the total apparel imports of $388.008 million, trousers and shorts accounted for $153.577 million (39.58 per cent), T-shirts $80.015 million (20.62 per cent), shirts $41.388 million (10.67 per cent), jerseys $39.804 million (10.26 per cent), and innerwear $12.072 million (3.11 per cent), as per TexPro.

In 2024, Bangladesh had surpassed Cambodia to become the third-largest apparel supplier, with a market share of 5.50 per cent. Japan's total apparel imports stood at $22.907 billion last year, of which imports from Bangladesh were $1.259 billion.

Source: fibre2fashion.com– May 26, 2025

HOME

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UK consumer sentiment up, retail spending flat in May: BRC-Opinium

Consumer sentiment in the UK improved modestly in May 2025, reflecting cautious optimism about the economy and personal finances, according to the latest BRC-Opinium data. Expectations for the overall state of the economy over the next three months rose to -36 in May, a notable improvement from -48 in April. Similarly, the consumer outlook on personal finances climbed to -12, up from -16 in the previous month.

However, this optimism has yet to translate into higher retail spending. Consumers' expectations for personal retail expenditure dipped to 0 in May, down from +3 in April. Overall spending intentions held steady at +10, while sentiment around personal saving declined marginally to -5 from -4, the BRC said in a press release.

"Consumer confidence improved as UK economic growth picked up and geopolitical tensions eased as the US-China trade war began to cool, however, it remains far below levels seen last year. The over-60s saw the biggest improvement, up almost 20 points, though they are still the most pessimistic of all generations. This may reflect the stock market recovery after the turbulence caused by a slew of US tariff announcements. Overall spending expectations stayed at similar levels for a third consecutive month, while expectations of retail spend dropped slightly," Helen Dickinson, CEO of the BRC, said.

"Only weeks ago, consumers were facing uncertainty arising from President Trump's announcement of eye-watering tariffs on many countries. Fast forward to today, the UK has trade deals with some of the world's largest economies. While agreements with the US and India may have helped this month's boost in consumer confidence, it is hoped the latest EU deal will drive further confidence in the outlook for the economy and personal finances. There is more the UK can do to encourage spending and trade: reintroducing a tax-free shopping scheme would attract more high value shoppers from abroad, benefitting retail, hospitality, and leisure, and creating employment opportunities and boosting economic growth," Dickinson added.

Source: fibre2fashion.com– May 23, 2025

HOME

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Bangladesh: Gas crisis still choking textile mills

Textile and garment industry owners yesterday expressed grave concerns over the inadequate supply of gas to industrial units, which has been severely hampering their operations for almost three years.

Many textile mills are on the verge of shutting down as they are unable to operate even at minimum capacity, said Showkat Aziz Russell, president of the Bangladesh Textile Mills Association (BTMA).

He was speaking at a joint press conference of different trade bodies at the Gulshan Club in Dhaka.

"We need a roadmap for gas supply as we cannot run our mills," he added, insisting that the government focus on increasing energy supply to industrial units in the budget for the next fiscal year.

The textile millers lobbied the previous government against increasing gas prices, but the rate was increased regardless.

He also urged the government to engage Chinese investors to supply gas from Bhola to Dhaka and adjacent areas, arguing that they could get the job done quickly.

Although the government is inviting foreign investors, he believes that foreign investment will not come since even local investors are struggling to survive.

Many businessmen are seeking exit plans as they are suffering and cannot find ways to survive, Russell lamented, adding that most mills are running at 50 percent of their capacity due to the crippling gas crisis.

Russell also said he met the energy adviser yesterday but did not get any response about improving gas supply.

Many have no choice but to run their mills by purchasing diesel, which increases costs fourfold. The energy adviser said that he prefers diesel imports rather than liquefied natural gas (LNG) since customers clear the dues promptly.

Russell also said many are not getting gas from supplying companies although they have paid large amounts in deposits.

"We need support at this moment. We have passed through the Covid-19 pandemic and a mass uprising, and we have been facing a gas crisis and banking crisis. We need support. It would not be right to choke us," he said.

Anwar-Ul-Alam Chowdhury (Parvez), president of the Bangladesh Chamber of Industries (BCI), said a lot of seminars have been held about the energy crisis, but there can be no remedy without increasing the prices.

The government is failing in its commitment to supply gas, but businessmen are sent to jail if they cannot comply with their commitments, he said. Due to the government's failure to supply gas, mills cannot operate at full capacity.

He also said the Chattogram Port is not functioning now because of the protests being staged by National Board of Revenue officials.

Hossain Mehmood, chairman of the Bangladesh Terry Towel & Linen Manufacturers & Exporters Association (BTTLMEA), said five to six terry towel mills have already closed down because of the gas crisis.

Home textile mills are also facing closure.

BTMA Director Razeeb Haider said the current gas crisis is a planning failure, which is nothing new.

For instance, last year, the government imported 82 cargoes of LNG totalling 11.83 mmcfd, which is inadequate.

Drilling for gas should be increased, particularly in the offshore areas, he recommended.

BTMA Director Khorshed Alam alleged that Titas Gas Transmission and Distribution Company has been harassing textile millers and failing to supply adequate gas. M Shahadat Hossain Sohel, a former BTTLMEA chairman, urged the government to stop corruption in gas supply.

He suggested the government build two more LNG terminals and double LNG imports from the 82 cargoes last year to improve supply immediately.

Md Saleudh Zaman Khan, vice-president of the BTMA, said the gas crisis in the Bhulta area is so acute that the pressure is 1 PSI. His own mill cannot be operated fully, but he must still pay Tk 15 crore in salaries and Tk 10 crore in gas bills each month.

If the gas crisis is not resolved by June, it will not be possible to run the mills after Eid-ul-Azha, he said.

Abdullah Al Mamun, another BTMA director, said millers are fighting like warriors to stay alive. If the mills cannot be run, the country will face difficulties, he added.

Zakir Hossain Noyon, general body member of the Federation of Bangladesh Chambers of Commerce and Industry, said local entrepreneurs were emboldened to invest in industries about 20 years ago, when it was said that the country was floating on gas.

But now the situation has turned severe, and the time has come to adopt alternative energy sources such as small modular reactors.

Source: thedailystar.net– May 26, 2025

HOME

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NATIONAL NEWS

India calls for dismantling of export controls among BRICS members at 15th BRICS Trade Ministers' Meeting

The 15th BRICS Trade Ministers' Meeting was held on 21st May 2025 under the Presidency of Brazil, with the theme, "Strengthening Global South Cooperation for More Inclusive and Sustainable Governance." India used the platform to oppose export controls among BRICS members, encouraging mutual support within the bloc. As India prepares to assume the BRICS Presidency in 2026, it commended the solution-oriented approach of the Brazilian Presidency in addressing critical trade issues.

A key outcome of the meeting was the endorsement of the Joint Declaration along with three annexures:

- BRICS Declaration on WTO Reform and Strengthening of Multilateral Trading System
- BRICS Data Economy Governance Understanding
- BRICS Trade and Sustainable Development Framework

These documents collectively reaffirm BRICS' commitment to equitable, inclusive, and rules-based global trade. The Declaration especially emphasised that climate-related trade measures should not serve as tools of unjustifiable discrimination or disguised trade restrictions.

A speech delivered on behalf of Union Commerce and Industry Minister Shri Piyush Goyal extended India's appreciation to Brazil for its efforts in building consensus and welcomed Indonesia's induction as a new BRICS member in 2025. Reaffirming India's commitment to a fair, transparent, inclusive, and rules-based multilateral trading system, the speech called on BRICS nations to promote a decentralised global trade architecture that addresses the developmental needs of the Global South.

On the subject of WTO reform, India highlighted the need for resolving longstanding developmental issues, particularly calling for a Permanent Solution to Public Stockholding (PSH) for food security. The Indian proposal of "30 for 30," which seeks to introduce 30 incremental improvements to mark WTO's 30th anniversary in 2025, was also emphasised. India reiterated that sustainable development is deeply rooted in its cultural ethos and must remain a cornerstone of international trade governance.

Representing India at the meeting Economic Adviser in the Department of Commerce, Shri Yashvir Singh, emphasised the need to eliminate restrictive trade measures that disrupt critical supply chains. India urged developed nations to ensure the concessional transfer of Environmentally Sound Technologies (ESTs), supported by adequate financial resources. The speech also spotlighted Mission LiFE, India's global initiative advocating mindful consumption and circular economy practices as part of an equitable climate responsibility framework.

Digital transformation and technology-driven growth were recognised as vital areas for future collaboration. India reaffirmed its leadership in inclusive digital governance through flagship initiatives like Digital India and IndiaAI. It also reiterated its commitment to global cooperation in Digital Public Infrastructure (DPI), artificial intelligence, and cybersecurity under forums such as the Global Partnership on AI (GPAI) and G20. The BRICS Data Economy Governance Understanding acknowledged DPI as a key enabler of digital economic transformation.

Source: pib.gov.in– May 23, 2025

HOME

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Union Minister of Textiles, Shri Giriraj Singh interacts with the industry representative and beneficiaries of Samarth

Union minister of Textiles Shri Giriraj Singh interacted with Industry partners and beneficiaries under the Samarth scheme today. The Minister interacted with beneficiaries from different sectors including handloom, handicraft, jute and silk under the samarth scheme and beneficiaries shared their experiences on the benefits given to them which is strengthening their livelihood. During the interaction the beneficiaries and industry partners shared the scheme's impact and success stories to the Union Minister.

Union Minister highlighted the significance of textile sector in India as one of the largest employment generating sectors and the benefits provided to them through various schemes of Ministry of textiles including the Samarth scheme.During interaction industry representative put forward their views on the present status of the Samarth scheme including challenges to be addressed, growth potential and opportunities available for the skilled manpower to make India global hub of Textiles.

So far under the Samarth scheme, 4.32 lakh beneficiaries trained, 3.20 lakh have received placements with 88% of women beneficiaries. By empowering women in textile production, craftsmanship, and innovation, the scheme is driving gender-inclusive development. The scheme extends across India, making skill development accessible from Jammu & Kashmir to the Andaman & Nicobar Islands.The government focus on Increasing textile manufacturing, modernizing infrastructure, fostering innovation upgrading technology through skilled manpower will strengthen India's position as a global textile hub.

Samarth - Scheme for Capacity Building in the Textile Sector is a demand-driven, placement-oriented skilling initiative is a significant step towards developing workforce empowerment. Samarth aims to incentivize and supplement the efforts of the industry in creating jobs in the organized textile and related sectors, covering the entire value chain of textiles, excluding Spinning and Weaving.

Source: pib.gov.in– May 23, 2025

HOME

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India-EU FTA: Goyal meets European counterpart for second time in a month

Commerce and Industry Minister Piyush Goyal has met European Commissioner for Trade Maros Sefcovic in Brussels, their second meeting within a month, to discuss the proposed free trade agreement (FTA), currently under negotiation between the two regions.

Goyal travelled to Brussels on May 23 from Washington, while India's chief negotiator L Satya Srinivas and his team are already at the EU headquarters for the FTA negotiations.

The Indian minister held meetings with his EU counterpart earlier this month.

"Delighted to welcome my friend and counterpart @PiyushGoyal. We continue to make progress. Let's maintain the momentum - with hard work, clear focus - and I look forward to our next meeting soon," Sefcovic said in a post on X.

In response, Goyal, in a post on the social media platform, said, "We remain committed to the shared prosperity of India and the EU. Let us keep this pace going!".

These deliberations assume significance as India and the 27-nation European Union are looking at concluding the talks for an early harvest trade agreement by July.

The early harvest or an interim trade agreement could include issues like intellectual property rights (IPRs), government procurement, tariffs, and non-tariff barriers.

Officials of both sides recently concluded the eleventh round of talks on May 16 here in the national capital.

"We are looking for an early harvest. We are trying to do it as early as possible," an official has said recently.

The two sides have agreed to conclude the agreement in two phases on account of the uncertain global trade environment, particularly due to the US tariff actions under President Donald Trump.

India has followed the practice of negotiating trade pacts in two phases with Australia. The early harvest pact would lead to a full-fledged free trade agreement.

Besides demanding significant duty cuts in automobiles and medical devices, the EU wants tax reduction in products like wines, spirits, meat, poultry and a strong intellectual property regime. Indian goods exports to the EU, such as ready-made garments, pharmaceuticals, steel, petroleum products, and electrical machinery, can become more competitive if the pact is concluded successfully.

In June 2022, India and the 27-nation EU bloc resumed negotiations for a comprehensive free trade agreement, an investment protection agreement and a pact on geographical indications (GIs) after a gap of over eight years. The negotiations stalled in 2013 due to differences over the level of opening up of the markets.

On February 28, Prime Minister Narendra Modi and the European Commission President agreed to seal a much-awaited free trade deal by the end of this year.

The India-EU trade pact negotiations cover 23 policy areas or chapters, including Trade in Goods, Trade in Services, Investment, Sanitary and Phytosanitary Measures, Technical Barriers to Trade, Trade Remedies, Rules of Origin, Customs and Trade Facilitation, Competition, Trade Defence, Government Procurement, Dispute Settlement, Intellectual Property Rights, Geographical Indications, and Sustainable Development.

India's bilateral trade in goods with the EU was $137.41 billion in 2023-24 (exports worth $75.92 billion and imports worth $61.48 billion), making it the largest trading partner for goods.

The EU market accounts for about 17 per cent of India's total exports, while the EU's exports to India make up 9 per cent of its total overseas shipments.

In addition, the bilateral trade in services, in 2023, between India and the EU was estimated at $51.45 billion.

Source: thehindubusinessline.com– May 24, 2025

HOME

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India world's 4th largest economy, overtakes Japan: NITI Aayog CEO

India has become the fourth largest economy in the world, overtaking Japan, NITI Aayog chief executive officer B V R Subrahmanyam recently said.

Overall geopolitical and economic environment is favourable for India, which is a $4-trillion economy now, he said briefing reporters after the 10th governing council meeting of the Aayog.

"It is only US, China, Germany, which are larger than India and if we stick to what is being planned and what is being thought through, in 2.5-3 years, we will be the third largest economy," Subrahmanyam said citing data from the International Monetary Fund (IMF).

Source: fibre2fashion.com– May 26, 2025

HOME

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How FTAs with US, EU, UK will impact India's farm trade

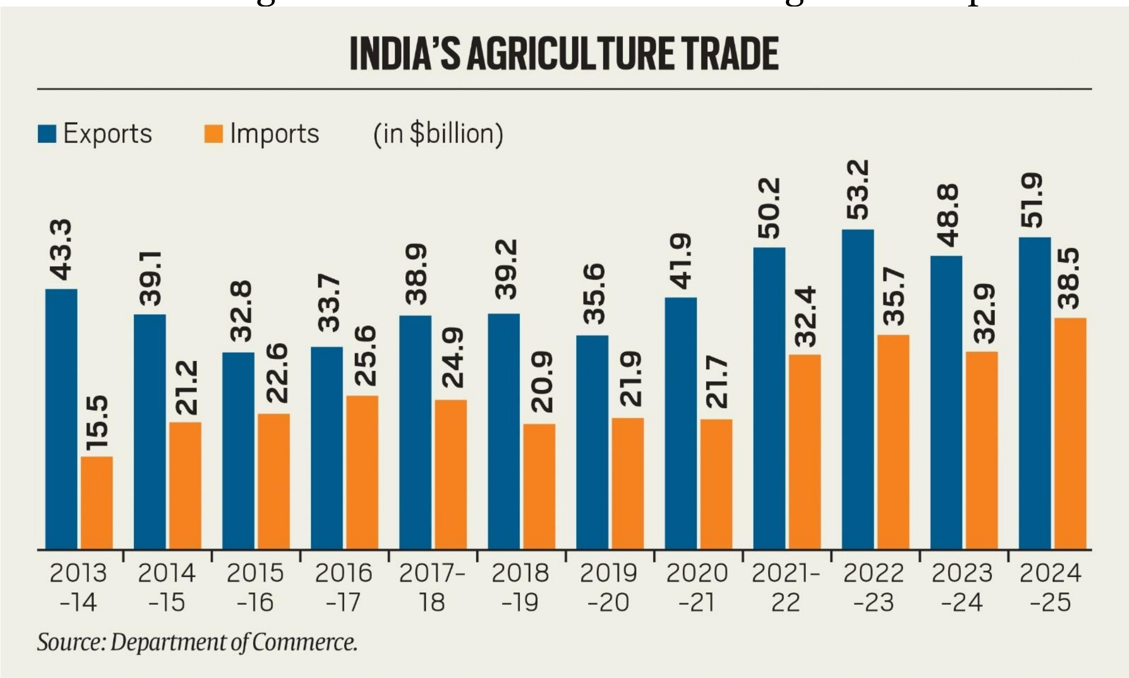
India's agriculture exports rose 6.4% to $51.9 billion in 2024-25, from $48.8 billion during the preceding fiscal year ended March 2024. This was as against the almost flat 0.1% growth in the value of its overall goods exports, from $437.1 billion in 2023-24 to $437.4 billion in 2024-25.

But the difference was even more in the value of imports. While total merchandise imports grew 6.2% in 2024-24 over 2023-24 (from $678.2 billion to $720.2 billion), farm imports were up by 17.2% (from $32.9 billion to $38.5 billion).

A longer period trend (see chart) reveals India's agriculture exports declining between 2013-14 and 2019-20, before recovering and peaking at $53.1 billion in 2022-23. On the whole, the increase was from $43.3 billion in 2013-14 to $51.9 billion in 2024-25 or just over 20%.

Imports, in contrast, have posted steadier expansion from $15.5 billion in 2013-14 to an all-time-high of $38.5 billion in 2024-25, working out to 148%. India's agriculture trade surplus, too, has more than halved from $27.7 billion to $13.4 billion over this period.

All this comes even as India is negotiating trade agreements with the United States and European Union, which are both seeking tariff reductions and greater market access for their agricultural products.



Export drivers

The accompanying tables show India’s top farm export and import items, with annual value exceeding $1 billion in any of the last four years.

The No. 1 export commodity, marine products, has registered a drop from the high of $8.1 billion in 2022-23 to $7.4 billion in the following two fiscals.

Marine exports from India are largely to the US (roughly 35% share), China (20%) and the EU (15%). Shipments to the US, predominantly frozen shrimps, now attract 17.7% duty. That includes the 10% baseline tariff that the US President Donald Trump imposed from April 5. If the latter is hiked to 26% – Trump has put that plan on hold till July 9 – it might further hurt Indian exports.

There are no such worries with rice, where the value of both non-basmati and basmati shipments reached record levels in 2024-25. The 14.1 million tonnes (mt) of non-basmati and 6.1 mt of basmati rice exports were together worth a whopping $12.5 billion. The bulk of India’s basmati goes to West Asia, while it is Africa for non-basmati grain.

Rice apart, exports of spices, tobacco, coffee and fruits & vegetables (both fresh and processed) scaled new highs during the last fiscal.

Coffee exports from India got a boost from global ending stocks for 2024-25 depleting to a 25-year low, on the back of drought in Brazil and dry weather followed by a typhoon in Vietnam. India mostly exports robusta beans and powder used in instant coffee and espresso blends. Poor crops in Brazil and Zimbabwe last year likewise benefitted Indian tobacco exporters.

India’s Top Agri Export Items

Spices are an interesting case, where both exports from and imports into India surged to record levels in 2024-25. India is a preeminent exporter of chilli, cumin, mint products, oleoresins, curry powder/paste and other non-traditional spices such as turmeric, coriander, fennel, ginger and garlic. On the other hand, it has become a net importer of the two traditional plantation spices, namely pepper and cardamom.

INDIA'S TOP AGRI EXPORT ITEMS ($ million)

	2021-22	2022-23	2023-24	2024-25
Marine products	7772.36	8077.98	7372	7405
Non-basmati rice	6133.63	6356.71	4573.41	6527.58
Basmati rice	3537.49	4787.65	5843.3	5944.48
Spices	3896.03	3785.36	4248.56	4451.54
Buffalo meat	3303.78	3193.69	3743.26	4060.54
Sugar	4602.65	5770.83	2824.74	2159.4
Fruits & Vegetables	1692.48	1791.05	2037.58	2065.39
Processed F&V	1190.59	1417.59	1624.22	1805.76
Tobacco	923.57	1213.39	1449.54	1979.01
Coffee	1020.74	1146.18	1286.28	1805.57
Oil meals	1031.94	1601.72	1713.98	1344.39
Oilseeds	1113.65	1337.69	1437.02	1344.31
Castor oil	1175.5	1265.64	1071.55	1152.37
Raw cotton	2816.24	781.43	1116.52	809.72
Wheat	2122.13	1520.46	56.74	2.03
Other cereals	1087.39	1194.07	517.79	270.88
TOTAL	50240.21	53153.55	48821.68	51940.67

Source: Department of Commerce.

The commodities whose exports have suffered on account of domestic supply shortfalls include wheat, sugar and cotton. The exports of the first two peaked at $2.1 billion and $5.8 billion in 2021-22 and 2022-23, respectively, but have subsequently been banned or restricted. India continues to export refined/white sugar. However, this is from processing imported raw sugar, the value of which has correspondingly gone up.

Cotton is a sad story, where India's exports had crossed $4.3 billion in 2011-12 and $3.7 billion in 2012-13. Exports have not only collapsed, but the country has turned into a net importer of the natural fibre. Buffalo meat exports surpassed $4 billion in 2024-25, but are still below the $4.4 billion and $4.8 billion levels touched in 2013-14 and 2014-15, respectively.

Import drivers

Coming to imports, the big-ticket items remain vegetable oils and pulses. Low per-acre yields relative to rice and wheat, plus no equivalent system of minimum support price-based government procurement, have made it less viable for Indian farmers to ramp up production of oilseeds and pulses.

The result is a soaring import bill. In vegetable oils, it's only partly offset by exports of oilseeds (mainly groundnut and sesame) and the residual cake/meal after extraction of oil. Pulses imports were valued at $5.5 billion in 2024-25, pushing past the $5 billion mark for the first time.

But it isn't just edible oil and pulses.

Stagnant, if not falling, domestic production is also leading to rising imports of cotton and natural rubber. With no yield-raising technologies after genetically modified (GM) Bt hybrids, India's cotton output has dipped from 398 lakh to 291 lakh bales between 2013-14 and 2024-25. Rubber production, too, has averaged 8.5 lakh tonnes (lt) in the last three years, down from 9-9.1 lt till about 2012-23. This, even as domestic consumption has inched up from 10 lt to 15 lt during the past decade.

India's Top Agri Import Items

The other significant agri import items are fruits (almonds, pistachios, walnuts, apples, dates, figs and raisins, among others), spices (basically pepper and cardamom) and alcoholic beverages.

With the signing of trade pacts with the US, EU and the United Kingdom, one can expect more imports of dry fruits, wines and spirits. In addition, the Trump administration is likely to push for import duty cuts and easing non-tariff barriers (particularly relating to GM crops) on maize, soyabean and cotton.

All this will ultimately reflect in India's agricultural exports, imports and the surplus – whether that would further shrink remains to be seen.

Source: indianexpress.com– May 26, 2025

HOME

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Bustling Petrapole border belies faltering India-Bangladesh trade

At first glance, the Petrapole land port — a vital gateway for trade between India and Bangladesh, about 80 km from Kolkata — appears to be a hive of activity. Trucks are lined up at the newly constructed eight-lane cargo gate, Maitri Dwar, awaiting clearance to cross the border. Vehicles arriving from Bangladesh are being unloaded, while those that have delivered imports wait to turn around.

But behind the bustle lies a more sobering reality: Cross-border trade is quietly dwindling amid strained ties between the two neighbours.

According to sources at the Petrapole land port, around 9,400 export cargo vehicles moved from Petrapole to Benapole in Bangladesh in March. Inbound traffic, meanwhile, saw around 4,100 trucks crossing into India. By April, those numbers had slipped to about 8,500 export trucks and just 3,200 import trucks.

The downtrend in cargo movement closely mirrors the state of geopolitical relations and recent trade developments following a regime change in Dhaka. The business community, however, had long read the signs and started bracing for impact.

Taking guard

When the Sheikh Hasina government fell in August 2024 and Muhammad Yunus assumed charge as chief advisor to the interim government of Bangladesh, there was a brief surge in trade — businesses moved fast, anticipating regulatory crackdowns. The result: Petrapole in 2024-25 reported the highest cargo movement in five years.

In 2024-25, total truck traffic through the port touched 153,000. Of these, 104,000 were export vehicles from India, and 49,000 were imports, according to the sources. The newly built infrastructure was more than ready to handle such high traffic.

Around six months ago, Union Home Minister Amit Shah inaugurated the Maitri Dwar along with a new passenger terminal at Petrapole — the most significant land border crossing for India-Bangladesh trade and passenger movement.

Nearly 70 per cent of all land-based trade (by value) between the two countries flows through this port. The massive cargo gate, with its sweeping arches at the zero line, was meant to herald a boom in bilateral trade.

Built to handle around 2,000 trucks daily, Maitri Dwar is equipped with the latest technology: Automatic number-plate recognition, boom barriers, facial recognition, and access control systems for both entry and exit.

But with trade restrictions tightening on both sides, the question remains: When will this gateway realise its true potential?

The roadblocks

On May 17, New Delhi imposed curbs on certain imports from Bangladesh. A report by the Global Trade Research Initiative (GTRI) estimated that the restricted items, at $770 million, accounted for around 42 per cent of all imports from Bangladesh. The most significant among them is readymade garments (RMG), arguably the backbone of Bangladesh's economy and exports.

RMG can now enter India only via the Nhava Sheva and Kolkata seaports, not land ports. This is likely to increase both delivery times and costs, sources say. At Petrapole, RMG is one of the top-five import categories.

The Indian move followed Bangladesh's own curbs in April on Indian yarn, rice, and other items, along with a new transit fee on Indian cargo. Yarn, notably, is among the top-five exported items from Petrapole.

Port officials hope that at least some of the other goods might still be routed through the land border. For now, the cargo terminal gives the impression of activity. The newly minted passenger terminal next door, by contrast, tells another story.

Waiting for takeoff

With a built-up area of 59,800 square metres, and constructed at a cost of nearly ₹500 crore, the new terminal resembles a modern airport.

A designated waiting area, a food & beverage outlet, and sufficient immigration counters — all are in place. The facility is designed to accommodate 25,000 travellers daily. But with visa restrictions still in force, passengers remain few and far between.

Benika Banik, who finally secured a medical visa for her son after a six-month wait, says she is at least covered for the next three months.

Ismail Hussain already has a medical visa. His 30-year-old brother, battling cancer, has been undergoing treatment for over a year. His visa is valid until July. "I hope the visa will be extended so that we can continue treatment," he says.

Since the fall of the Sheikh Hasina government and political turmoil, visas are being granted only for medical and select categories. Unsurprisingly, daily passenger traffic, once around 8,000-9,000, is now roughly a quarter of that, says an official with the Land Ports Authority of India.

In 2023-24, passenger movement totalled 2.34 million. Today, the gleaming infrastructure is ready — built for scale. But the missing piece is no longer just passengers, but political will.

Source: business-standard.com – May 24, 2025

HOME

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Pursue trade deals, but focus equally on enhancing industry competitiveness

India is negotiating trade agreements with the developed countries in the west while its trade relations with Bangladesh and Turkey are worsening somewhat.

Last week, our commerce minister held detailed discussions with the United States Trade Representative with the intent to conclude the first tranche of a bilateral trade agreement between the two countries as quickly as possible. A team of officials from the commerce ministry went to Brussels to discuss with the officials of the European Union on the way forward for an early harvest free trade agreement. The government has already concluded a mini trade deal with the United Kingdom, the details of which are not yet available on the public domain.

All these trade talks have acquired urgency since President Trump imposed reciprocal tariffs and then held them in abeyance for 90 days while retaining minimum 10 per cent duties on most goods entering the United States.

India retaliated against some ill-considered statements and actions by the Bangladesh government by closing its land borders for import of some goods from that country.

Following some military and other support Turkiye gave to Pakistan recently, the government withdrew security clearance for a Turkish firm handling cargo at some airports. Only 2.63 per cent of our exports go to Bangladesh and 1.32 per cent to Turkiye.

So, the trade impact is not much but better use of diplomatic channels may also help in improving the relations with both countries.

The negotiations with the US, EU and UK get priority because about 19.31 per cent of our exports go to US, about 17.45 per cent to the EU and around 3.3 per cent to the UK. However, it must be noted that the weighted average tariffs for non-agricultural goods in the EU, US and UK are less than 3 per cent.

So, even if the tariffs come down for some items to zero, the improved market access may not result in more exports if the goods from competing economies like China or Vietnam are cheaper by more than 3 per cent. So, while we may pursue the trade negotiations, the focus should not shift from improving our competitiveness.

India is unlikely to give greater market access for agriculture or dairy products because the livelihood of millions of farmers will be affected. The richer countries are unlikely to relent on non-tariff barriers because they are not India-specific. So, the scope for negotiations narrows down to industrial products, services and investments. India is interested in better market access for labour intensive goods, but gains through such trade deals may be temporary because the richer countries are negotiating similar trade deals with other countries also.

Any gains in market access through preferential tariffs can evaporate as soon as any competing country is granted a similar concession.

So, India should consider integrating with global supply chains by joining the Regional Comprehensive Economic Partnership agreement and the Comprehensive and the Progressive Trans-Pacific Partnership agreement.

India's share in global merchandise exports has been stagnant at 1.8 per cent since the past 11 years. While we have taken many actions to improve our infrastructure and lower the logistics costs and adopt information technology to improve the ease of doing business, our competitors are doing more to improve their competitiveness.

The prescription of our chief economic advisor to bring down the tariffs on imported goods and deregulate should be taken more seriously. Gains through higher productivity are more enduring than gains through trade deals.

Source: business-standard.com – May 25, 2025

HOME

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After decline, cotton acreage in Punjab witnesses marginal uptick

While this is a slight improvement over the 96,000 hectares sown last year, agriculture experts are expressing concerns over the slow pace of diversification in the state's cropping patterns.

The state's cotton sowing target for the season was set at 1.29 lakh hectares. Despite the progress, experts argue that a marginal increase in acreage is not sufficient to address the pressing issue of agricultural diversification, especially for the Kharif crop season. This season's limited expansion in cotton acreage poses a significant challenge for Punjab's agricultural future, particularly in conserving groundwater resources.

Punjab has long been known for its extensive cotton cultivation in its semi-arid districts such as Fazilka, Bathinda, Mansa and Muktsar. These regions together contribute to 98% of the state's total cotton production. However, agriculture experts fear that the relatively small increase in cotton sowing could push farmers to focus more on water-intensive crops like rice, especially in areas with low water availability.

Officials from the agriculture department said that the last recommended date for cotton sowing was May 15, but sowing continues for another two weeks. Despite concerns over weather patterns, including lower temperatures and rainfall during the sowing phase in April and May, the situation has improved, and cotton growers are now optimistic about the season's prospects.

Charanjeet Singh, deputy director (cotton) of the state agriculture department, said, "Fazilka, the leading cotton-producing district, has already seen 56,000 hectares planted, followed by Mansa at 26,000 hectares. Bathinda and Muktsar have sown 15,500 and 8,500 hectares, respectively."

In recent years, pest attacks, particularly from whitefly and pink bollworm, have severely impacted cotton production in Punjab. The area under cotton cultivation shrank drastically between 2011-2016, with the state seeing over 3 lakh hectares of cotton land reduced to less than 1.5 lakh hectares in subsequent seasons.

"This year, the state is better prepared for pest management, with an inter-state consultative committee monitoring cotton fields to curb pest attacks. We are taking measures to control the pests this season as they have been a major concern in the past. The department has put in place strategies to tackle this issue and we are hopeful of a better yield. We are confident of achieving the target area of 1.29 lakh hectares," Singh said.

While the state has faced setbacks, farmers are beginning to return to cotton cultivation, recognising its benefits for soil health.

"Contrary to the speculations that farmers are losing interest in cotton due to unfriendly seasons in the last three consecutive seasons, an improvement in acreage shows cotton growers are confident of the state government's initiative to boost cultivation of the cash crop. Climatic conditions are conducive for sowing, and we are confident of achieving the target area of 1.29 lakh hectares," Singh said.

In Mansa, some farmers who shifted to rice last year are now turning back to cotton due to the crop's positive impact on soil fertility.

"The state government has also been offering support through subsidies, including a 33% discount on cotton seeds, to encourage cotton cultivation. Our field teams have been actively engaging with farmers to introduce them to government initiatives that can help revive cotton farming. With timely canal water supply and seed subsidies, cotton is being seen as a viable option again," said Harpreet Pal Kaur, chief agriculture officer, Mansa.

In 2011-12, cotton was cultivated on 5.16 lakh hectares in Punjab, the highest in the past 13 years.

Source: hindustantimes.com – May 26, 2025

HOME

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