TEXPROCIL
THE COTTON TEXTILES EXPORT PROMOTION COUNCIL
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USD	EUR	GBP	JPY
85.58	97.81	116.03	0.59

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INTERNATIONAL NEWS

Confidence in UK economy drops from 45% in 2015 to 28% now: Barclays

Confidence in the strength of the UK economy has dropped from 45 per cent in May 2015 to 28 per cent now following Brexit, the COVID-19 pandemic-induced lockdowns, a cost-of-living crisis, rise of Gen Z and geopolitical issues, according to Barclays '10 Years of Spend' survey report.

But confidence in non-essential spending has been strong, at an average of 53 per cent from 2015 to now, the report revealed.

Despite financial pressure, households' discretionary spending has grown by 9.2 per cent annually on an average between 2021 and 2024, outpacing essential spending's 5-per cent growth. Confidence in household finances has remained resilient, never dipping below 52 per cent, and averaging 69 per cent in the last 12 months.

Therefore, confidence in household finances has proven to be more resilient than confidence in the wider UK economy. Consumers are becoming increasingly savvy, paying more attention to their budgets, value for money and pricing tactics than ever before, a release from Barclays noted.

Spending priorities are shifting; growth in discretionary purchases has outpaced essential spend since 2021, led by beauty, entertainment and travel.

British adults' confidence in their ability to live within their means has held strong, reaching 74 per cent in May 2025, on par with 2019's figure of 73 per cent, when Barclays started tracking this measure, potentially due to more prudent budgeting.

Sixty-six per cent pay more attention to their budget than they did a decade ago, while 45 per cent say they don't feel better off than they did 10 years ago.

Source: fibre2fashion.com– June 09, 2025

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China: Loom and texturing machine exports accelerate again

The global textile industry has successively shifted from the UK to the US, Japan, South Korea, China Taiwan, and Chinese mainland. Currently, it is moving toward Southeast Asia, South Asia, North Africa, South America, and other regions.

The essence of industrial relocation is to seek profit maximization within the global framework of production factors. The textile industry consists of numerous links, with significant differences in production factors across each link and varying degrees of dependence on labor, equipment, and energy.

During the relocation process, trends are evident in both the transfer from China's eastern coastal areas to its central and western regions and the shift from domestic to overseas markets.

Compared with footwear and apparel factories, which are highly labor-dependent and have the fastest relocation pace, textile, dyeing and finishing have moved more slowly due to its reliance on raw materials, energy, environmental protection, and other factors.

In 2025, while the US continues to impose "punitive tariffs" and "reciprocal tariffs" on China, countries have tightened their tariff exemption policies for small packages and frequently introduced anti-dumping measures, slightly accelerating the overseas expansion of textile enterprises and their upstream textured yarn equipment manufacturers. This can be clearly observed from the export volumes of textured yarn equipment and looms from January to April.

According to customs data, China exported 184 textured yarn machines from January to April in 2025, a year-on-year increase of 56%, roughly flat with 2022. More details for polyester DTY industry in Chinese mainland can be found from Research on polyester DTY industry in Chinese mainland.

As for the main types of looms, circular knitting machine exports reached 20,288 units from January to April, a year-on-year decrease of 63%; however, warp knitting machine exports (including tricot and raschel warp knitting machines) reached 424 units, up 100% year on year, among which tricot and raschel warp knitting machines increased by 81% and 106% respectively. The total export volume of weaving machine was 39,846 units, a year-on-year increase of 66%. Among them, the year-on-year growth rates of high-width water-jet, air-jet, rapier, and projectile loom exports were 136%, 133%, 13%, and 677% respectively.

Click here for more details

Source: ccfgroup.com– June 09, 2025

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Australia's apparel imports rise 7.3% to $7.28 bn in Jul-Apr FY25

Australia's imports of apparel and clothing accessories (classified under code 84) increased by 7.38 per cent to Au$11.202 billion (~$7.282 billion) during July 2024–March 2025, the first ten months of fiscal 2024–25 (July–June), according to the latest trade data released by the Australian Bureau of Statistics (ABS). The country had imported apparel and clothing accessories worth Au$10.432 billion during the same period in 2023–24. There was also a month-on-month (MoM) increase in imports in April 2025.

Imports of textile yarn, fabrics, and made-up articles (classified under code 65) rose by 5.89 per cent, reaching Au$3.865 billion (~$2.512 billion) in the first ten months of the current fiscal, compared to Au$3.650 billion in the same period last fiscal. Conversely, fibre imports (classified under code 26) fell to Au$97 million, down from Au$107 million during the period under review.

In April 2025, imports of apparel and clothing accessories increased by 12.37 per cent to Au$1.090 billion, up from Au$0.970 billion in April 2024. Imports of textile yarn, fabrics, made-up articles, and related products rose to Au$379 million, compared to Au$346 million in April 2024. Fibre imports remained steady at Au$11 million, the same as in April 2024.

Meanwhile, Australia's exports of textile fibres (code 26) were valued at Au$5.150 billion (~$3.348 billion) during July 2024–April 2025, marking a 13.56 per cent decrease from Au$5.958 billion in the corresponding period of the previous year. Exports in April 2025 fell by 13.12 per cent to Au$311 million, compared to Au$358 million in April 2024.

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

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

Source: fibre2fashion.com– June 07, 2025

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Italy's retail sales rise in April, non-food sectors see declines

Italy's retail sales rose modestly in April 2025, according to the country's national statistics agency, Istat. On a monthly basis, retail sales increased by 0.7 per cent in value and 0.5 per cent in volume.

In the three months to April, however, growth was subdued, with sales edging up by just 0.1 per cent in value and dipping 0.4 per cent in volume compared to the previous three-month period.

Year-on-year (YoY), April retail sales posted more robust growth—up 3.7 per cent in value and 1.9 per cent in volume. Large-scale distribution was the primary driver, rising 6.8 per cent compared to April 2024. Small-scale distribution also improved slightly, up 0.9 per cent.

In contrast, non-store and online sales declined by 0.1 per cent and 0.7 per cent, respectively.

Despite the overall uptick, non-food product categories struggled. Sales of shoes, leather goods, and travel items dropped 3.9 per cent YoY.

Source: fibre2fashion.com– June 08, 2025

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German exports fall 1.7%, imports up 3.9% MoM in April

Calendar- and seasonally-adjusted German exports were down by 1.7 per cent month on month (MoM) and 2.1 per cent year on year (YoY) in April this year, which such imports were up by 3.9 per cent MoM and 3.8 per cent YoY in the month, according to provisional data from the Federal Statistical Office (Destatis).

After calendar and seasonal adjustment, Germany exported goods to the value of €131.1 billion and imported goods worth €116.5 billion in April this year.

The foreign trade balance showed a surplus of €14.6 billion in April. The calendar- and seasonally-adjusted surplus stood at €21.3 billion in March this year. In April 2024, the surplus was €21.6 billion.

On a calendar- and seasonally-adjusted basis, Germany exported goods worth €72.9 billion to the member states of the European Union (EU) in April, while it imported goods worth €59.8 billion from these countries in the same period.

Compared with March 2025, calendar- and seasonally-adjusted exports to EU countries rose by 0.9 per cent and imports from these countries increased by 4.5 per cent in April.

The value of the goods exported to euro area countries totalled €50.6 billion and the value of the goods imported from these countries was €39.4 billion.

Goods worth €22.4 billion were exported to EU countries not belonging to the euro area, while the value of the goods imported from those countries was €20.3 billion euros.

Exports of goods to countries outside the EU (third countries) amounted to €58.1 billion in April and imports from these countries totalled €56.7 billion on a calendar- and seasonally-adjusted basis. Compared with March 2025, exports to third countries declined by 4.8 per cent, while imports from third countries rose by 3.4 per cent.

Most German exports in April this year went to the United States. After seasonal and calendar adjustment, exports of goods to the United States decreased by 10.5 per cent MoM, with the value of exports falling to €13.0 billion. This is the lowest level since October 2024 (€12.3 billion).

Exports to the United States were down by 6.3 per cent YoY on a calendar- and seasonally-adjusted basis. Exports to China decreased by 5.9 per cent YoY to €7 billion and exports to the United Kingdom dropped by 2.1 per cent YoY to €6.3 billion in the month.

Most imports in April came from China. Goods worth €13.9 billion were imported from there on a calendar- and seasonally-adjusted basis. This was a decrease of 4.1 per cent compared with the previous month.

Imports from the United States rose by 3.9 per cent to €8.4 billion. During the same period, imports from the United Kingdom dropped by 8.1 per cent to 3.0 billion euros.

After calendar and seasonal adjustment, exports to Russia decreased by 5.3 per cent MoM and 9.3 per cent YoY to €0.6 billion in April. Imports from there dropped by 22.6 per cent MoM and 50.3 per cent YoY to €0.1 billion in April.

Source: fibre2fashion.com– June 09, 2025

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Australia's cotton lint production up estimated 12% in FY25: ABARES

Production of cotton lint in Australia is estimated to have increased by 12 per cent to 1.2 million tonnes in fiscal 2024-25 (July-June), reflecting higher area planted and near-record yields, according to the June 2025 edition of the quarterly Australian Crop Report compiled by the Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES).

Area planted under cotton is estimated to have risen by 10 per cent to 519,000 hectares in FY25 to sit 30 per cent above the 10-year average to FY24.

The increase in planted area largely reflects increases in Queensland province. High water availability and above average rainfall across much of eastern Australia have supported above average yields, with the production estimate sitting 54 per cent above the 10-year average to FY24.

In particular, cotton yields in summer crop production in Queensland are estimated to be the second highest on record, despite heavy rainfall causing some localised yield and quality downgrades. Area planted under cotton is estimated to have increased due to improved water availability and above average spring rainfall.

Cotton lint production in Queensland is estimated to have risen by 40 per cent to 410,000 tonnes in FY25, driven by an increase in planted area and higher yields.

Area planted under cotton is estimated to have risen by 33 per cent to 162,000 hectares in Queensland in FY25, as favourable spring rainfall allowed for timely planting in dryland growing regions while improved water availability supported higher irrigated cotton planting. Yields are estimated to have risen in FY25 and remain above the 10-year average to FY24.

Cotton lint production in New South Wales is estimated to have been relatively unchanged at 782,000 tonnes in FY25, 51 per cent above the 10-year average to FY24. Area planted under cotton in the province is estimated at 336,000 hectares, largely unchanged but 30 per cent above the 10-year average to FY24.

Irrigated cotton production in the province was supported by above average water availability across key growing regions, while dryland cotton production was boosted by favourable soil moisture and timely rainfall during the planting and growing seasons.

Source: fibre2fashion.com– June 09, 2025

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Cambodia records 22 pct rise in exports of garments, textiles, shoes, travel goods in first 4 months

Cambodia exported garments, textiles, footwear, and travel goods worth $4.58 billion in the first four months of 2025, up almost 22 percent from $3.76 billion over the same period last year, an official report showed on Saturday.

Garments worth $3.14 billion were exported during the January-April period this year, representing a 21 per cent year-on-year increase, according to the General Department of Customs and Excise's report. Additionally, textiles worth $ 180.5 million were shipped to international markets, a 19 per cent increase.

Additionally, footwear worth $623.2 million was exported, representing a 37 per cent increase, while travel goods, equivalent to $635.3 million, were sold to international markets, a 13 per cent increase, according to the report.

"The growth reflects Cambodia's sound economic performance amidst global complexities and uncertainties in political and economic aspects," said Sun Mesa, a spokesperson for the Ministry of Labour and Vocational Training.

The garment, textiles, footwear, and travel goods sector is the largest foreign exchange earner for the Southeast Asian country.

The sector currently consists of roughly 1,538 factories and branches, employing approximately 913,000 workers, mostly female, according to the Ministry of Labour and Vocational Training.

Source: khmertimeskh.com– June 08, 2025

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Vietnam: Ha Tinh Textile and Garment recovers strongly, leading market trends

According to records, free trade agreements with the EU, the US and countries in the CPTPP have expanded export opportunities for Vietnam, helping the textile and garment industry grow by reducing tariffs, expanding export markets and facilitating the exchange of goods and materials. This has helped textile and garment enterprises in Ha Tinh compete better, increase export turnover and market share in the international market.

In addition, in recent years, Ha Tinh has increased its call for investment projects in the textile and garment sector according to the provincial planning orientation. The locality has proactively arranged land funds to attract projects, creating favorable conditions for textile and garment enterprises to lease land to invest in production infrastructure.

Ha Tinh currently has 13 relatively large-scale textile projects.

Ha Tinh also has policies to support textile and garment enterprises to participate in domestic and international trade promotion programs, advertise on e-commerce platforms to boost export activities; create conditions for enterprises to participate in container exports, especially the shipping route from Vung Ang to international ports to reduce costs as well as increase competitiveness for enterprises. The banking sector prioritizes "cheap" loans to serve garment enterprises in Ha Tinh to expand their scale and production and business capacity.

According to Ms. Phan Thi Ai - Deputy Head of Industrial Management Department, Ha Tinh Department of Industry and Trade: The whole province currently has 13 relatively large-scale textile and garment projects.

In addition, there are about 10 enterprises/production facilities with a scale of less than 50 employees operating on a small scale. The total land use area of textile and garment projects is over 58 hectares, with a total investment capital according to the decision approving the investment policy of about 2,556 billion VND, creating jobs for over 5,000 local workers.

In the first 5 months of 2025, while the export turnover of many key products such as steel, steel billets, wood chips, tea, etc. decreased, the garment sector still grew impressively. Specifically, the export turnover of textile and garment products reached nearly 21 million USD, an increase of 121.38% over the same period in 2024. The exciting thing is that most garment enterprises in the area have received orders until the end of 2025, some companies have signed export contracts until the end of the first quarter of 2026.

Ha Tinh Garment Factory 10 is given favorable conditions to lease land to build synchronous infrastructure.

With main export markets being the US, China and Japan, Ha Tinh Garment Factory 10 (located in Vung Ang Economic Zone) is busy completing signed orders.

Mr. Tran Bao Khanh - Chairman of the Trade Union of Ha Tinh Garment Factory 10 said: “Thanks to open policies and the recovery of the world economy , the factory has recorded strong growth. In the first 5 months of the year, the factory's revenue increased by about 20% over the same period and is striving to reach the revenue target of over 2 million USD in 2025. What is especially exciting is that the enterprise has signed orders with partners until the end of the first quarter of 2026, maintaining stable jobs for more than 400 local workers".

Similarly, Haivina Hong Linh Company Limited (Hong Linh Town) has also signed orders until the end of 2025 to export to markets. Last year, the company effectively applied the customer diversification policy. Accordingly, along with maintaining exports to key markets such as the US (accounting for 30% of output), UK, France, Spain, the company expanded to Asian countries such as China, Singapore... to increase revenue.

Most garment enterprises in Ha Tinh have received orders until the end of 2025.

According to Ms. Nguyen Thi Luan - import-export officer of Haivina Hong Linh Company Limited: The company's main products are sports gloves, labor protection gloves (accounting for about 95% of the export product structure) with an output of 400,000 - 500,000 products/month. In addition, the company also processes clothing products (accounting for about 5% of export output). We have signed orders until 2025 with the goal of reaching more than 6 million products".

Currently, TAAD Ha Tinh Investment and Trading Production Joint Stock Company (Ha Tinh City), MTV Export Garment Joint Stock Company (Bac Cam Xuyen Industrial Park), Appareltech Ha Tinh Company Limited (Duc Tho), BGG Huong Son Garment Joint Stock Company (Huong Son) ... are also maximizing production capacity, completing signed export orders until the end of 2025. In addition to objective signals from the market, the core factor helping these businesses grow impressive revenue is the effectiveness of the market search and expansion strategy.

The banking industry creates conditions for garment enterprises to access "cheap" capital to invest in production and business.

In 2023, Ha Tinh's textile and garment industry will face many difficulties due to political instability, trade tensions, and global economic downturn due to the impact of the COVID-19 pandemic. The purchasing power of fashion and clothing products of people in many countries has seriously decreased, leading to a reduction in export orders for garment enterprises.

From 2024 onwards, garment enterprises have been "more prosperous", developing from the stability of the economy, the recovery of market demand and open support policies. The impressive production and business results of the Ha Tinh garment industry show that the adaptive solutions of enterprises have been effective.

In the context of production and business being affected by many impacts, enterprises have built production and export strategies close to reality; proactively diversified markets, customers and garment processing products; made efforts to find new partners and markets; focused on investing in production lines towards automation, applying high technology to production to increase labor productivity... With the transformation of enterprises along with the State's support policies, it will create momentum for Ha Tinh's garment export turnover to continue to grow, contributing to making textiles and garments one of the province's key economic sectors.

Source: vietnam.vn– June 09, 2025

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Vietnam's textile & garment exports up 12% in Jan-May 2025

Vietnam's textile and garment exports (excluding yarn and fibre) grew by 12 per cent year-on-year (YoY), reaching $15.058 billion during January–May 2025, according to the Customs IT and Statistics Department of the General Department of Customs under Vietnam's Ministry of Finance.

During the first five months of 2025, Vietnam's yarn exports declined by 4.4 per cent YoY to $1,735.573 million. In volume terms, however, yarn exports increased by 2 per cent, with the country exporting 775,318 tons of yarn during the same period.

On a month-on-month basis, textile and garment exports rose by 7.1 per cent to $3.286 billion in May 2025 compared to the previous month. Yarn exports, however, declined by 5.5 per cent in value and 4.2 per cent in volume in May 2025. The country exported 155,137 tons of yarn, valued at $341.698 million during the month.

The United States remained the largest market for Vietnam's textile and garment exports, accounting for 44.66 per cent of the total, equivalent to $6.725 billion in the first five months of 2025. Japan and South Korea were also key markets, with exports amounting to $1,727.116 million and $1,167.723 million, respectively.

For Vietnam's yarn exports, China was the largest buyer, accounting for 45.18 per cent of total shipments, valued at $784.139 million. Yarn exports to India were valued at $33.522 million during January–May 2025.

As for imports, Vietnam's cotton imports rose by 2.7 per cent YoY to $1,354.298 million during January–May 2025. The volume of imported cotton increased by 19.4 per cent YoY to 788,133 tons. The country also imported 517,593 tons of yarn, valued at $1,153.302 million, reflecting a 9 per cent increase in value and a 5.3 per cent rise in volume. Fabric imports totalled $6.322 billion, up 4.6 per cent YoY.

In 2024, Vietnam exported textiles and garments worth $37.036 billion, up 11.2 per cent from the previous year. It also exported 1.873 million tons of yarn, valued at $4.407 billion. Yarn exports rose by 1.2 per cent in value and 5 per cent in volume.

The country imported 1.503 million tons of cotton, valued at $2.884 billion, with value and volume growing by 1.8 per cent and 12.3 per cent YoY, respectively. It also imported 1.243 million tons of yarn, valued at $2.713 billion, reflecting a 23.8 per cent increase in value and an 18.1 per cent rise in volume. Fabric imports reached $14.905 billion, up 14.5 per cent YoY.

The Vietnam Textile and Apparel Association (VITAS) has raised its 2025 export target for textiles, garments, and yarn to $47–48 billion.

Source: fibre2fashion.com– June 08, 2025

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Sri Lanka's garment exports rise 12.6% to $1,619 mn in Jan-Apr 2025

Garment exports from Sri Lanka reached $1,619.6 million during January–April 2025, reflecting a 12.6 per cent increase compared to $1,437.7 million recorded in the same period in 2024, according to statistics released by the Central Bank of Sri Lanka.

During the first four months of 2025, textile exports eased by 0.6 per cent to $93.8 million. Over the same period, exports of other manufactured textile articles increased by 1.5 per cent, totalling $38.5 million, as reported in the Central Bank's publication External Sector Performance – April 2025.

Combined exports of textiles, garments, and other manufactured textile articles accounted for 51.91 per cent of all industrial exports from Sri Lanka during this period. Total textile product exports amounted to $1,751.8 million between January and April 2025, while the country's overall industrial exports were valued at $3,373.1 million for the same period.

In April 2025, textile and garment exports rose by 13.6 per cent year-on-year, reaching $365.3 million. By category, garment exports increased by 15.1 per cent to $336.1 million, while textile exports declined by 7.7 per cent to $20.5 million. During the same month, exports of other manufactured textile articles rose by 16.9 per cent to $8.6 million, as reported by the Central Bank.

On the import side, textiles and textile articles rose by 3.3 per cent to $895.2 million, while imports of clothing and accessories increased by 25.3 per cent, amounting to $88.2 million between January and April 2025. In April 2025 alone, imports of textiles and textile articles rose by 4.3 per cent to $217.3 million, while imports of clothing and accessories surged by 19 per cent year-on-year, reaching $16.1 million.

In 2024, the island nation's garment exports totalled $4,660.1 million, marking a 4.9 per cent increase. Sri Lanka also exported textiles worth $294.5 million and other manufactured textile articles worth $106.4 million during the year. The country imported textiles and textile articles valued at $2,847.1 million and clothing and accessories worth $225.8 million in 2024.

In 2023, Sri Lanka's garment exports were valued at $4,440.6 million, a 19 per cent decrease from the $5,483.1 million exported in 2022. Meanwhile, imports of textiles and textile articles fell by 22.6 per cent to $2,371.2 million, and imports of clothing and accessories declined by 21.1 per cent to $170 million.

Source: fibre2fashion.com– Jun 09, 2025

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NATIONAL NEWS

India-Bangladesh trade routes via North East could see some disruption: Sonowal

India is bracing some impact and "disruption" on the Indo-Bangladesh Protocol Routes – connecting the North Eastern region of the sub-continent through Bangladesh's waterways – as it withdraws trans-shipment arrangements and other trade restrictions (like use of specific ports for garment shipments or blocking flow of item into North Eastern region through the neighbouring country.

According to Sarbananda Sonowal, Union Minister for Ports, Shipping, and Waterways, "connectivity to the North East through IBP will also be disrupted".

"With the withdrawal of the transshipment arrangement or provision to Bangladesh, trade on the Indo-Bangladesh Protocol (IBP) routes connecting Kolkata to the North Eastern Region will be affected,"he told businessline in an interview.

Cargo volumes via the IBP routes are down 20 per cent sources said, while MV Ganga Vilas – the world's longest cruise – is eyeing a truncated route, avoiding Bangladesh waters. In fact, bookings for the cruise are yet to happen, sources said.

Trade Retaliation

India formally ended the transshipment agreement with Bangladesh, effective April 8. The agreement which allowed Bangladesh to exports to third countries by transiting through Indian land customs stations. It facilitated the movement of goods from Bangladesh to ports and airports in India for onward shipment to destinations in Europe, West Asia, and beyond. India cited logistical challenges, including congestion at Indian ports and airports, as the primary reason for revocation .

Later that month, Dhaka announced closure of land ports to Indian year exports; disrupting supply chains to textile mills here, especially those producing dyed and value-added yarns.

Subsequently, India responded with a trade countermeasure - cutting off land port access for Bangladesh's ready-made garments.

The restrictions are significant. India has now limited Bangladeshi ready made garment shipments to just two ports—Kolkata and Nhava Sheva—effectively shutting out all 11 land customs points in the Northeast, including those in Tripura, Assam, Meghalaya, Mizoram, and West Bengal's Phulbari and Changrabandha. TOther key Bangladeshi exports—including plastics, processed food, carbonated drinks, cotton, and wooden furniture—will also face the ban.

On the other hand, the IBP waterways, or Indo-Bangladesh Protocol (IBP) route, is a system of inland waterways connecting India and Bangladesh. It facilitates the movement of goods and people between the two countries, primarily through shared river systems like the Ganga, Brahmaputra and Barak in India and Jamuna, Meghna and Gumti in Bangladesh.

Impact on IBP

Sonowal said, the main trade on the IBP route is the export of fly ash from power plants in West Bengal to Bangladesh. Currently, nearly 4.47 million tons of fly ash are being evacuated from these power plants. The discontinuation of fly ash transportation from West Bengal to Bangladesh will adversely impact the operation of thermal power plants.

"Additionally, connectivity to the North East through the IBP route will also be disrupted," he said.

As part of the IBP route, India also has access to Bangladesh's Mongla Port. It has a berth for inland vessels. And operations here are likely to be impacted too.

"Mongla Port which lies on the IBP route and has a separate berth for inland vessels, will also be affected by the disruption of trade between Kolkata and MonglaPort via the IBP route," Sonowal said.

Source: thehindubusinessline.com – June 08, 2025

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India could cut tariffs for all except China

Global trade is shifting rapidly with Donald Trump back in the White House. After a tariff stand-off, the US and China have agreed to a 90-day truce; US tariffs on Chinese goods dropped from 145 per cent to 30 per cent, and China's from 125 per cent to 10 per cent. While the move offers hope, the outcome remains uncertain, and tensions could quickly return. Nearly all countries, including India, are already facing a 10 per cent baseline US tariff.

India has been in Trump's crosshairs since the start of his second term. On April 2, he proposed a 26 per cent reciprocal tariff on Indian imports, later withdrawn, but imposed a 10 per cent baseline tariff.

These duties, introduced under the International Emergency Economic Powers Act (IEEPA) of 1977, were recently blocked by a US court, though an appeals court granted interim relief, keeping them in place.

Even if reciprocal tariffs are scrapped for good, other levies, like metal tariffs under Sections 232, and other restrictions under Section 301, will remain. The uncertainty driven by the US' volatile trade stance and ongoing legal battles are far from over.

What policy steps should India take? So far, India has largely avoided retaliating against US tariffs — except on May 12, when it informed the WTO of plans to counter the US duty on Indian steel and aluminum. Beyond that, India has taken a reconciliatory path, pursuing a trade deal with the US through tariff concessions.

Proactive approach

But this reactive approach needs to shift. India should adopt a proactive, broad-based strategy, including across-the-board tariff cuts. There are strong reasons for this: India's average MFN tariffs, higher than many peers, distort markets and limit choices; unilateral tariff cuts are WTO-compliant and benefit all partners, unlike FTAs; and trade economists have long argued for such trade reforms, which are long overdue.

Tariff cuts improve resource allocation and boost overall economic welfare. Lower duties on intermediate inputs reduce costs, making domestic goods cheaper and exports more competitive.

While this spurs job creation through higher production, it can also raise dumping risks. China, a frequent offender, may target India regardless of tariff cuts due to weak global demand and its own strained economy.

As a large market, India is an attractive outlet for China's surplus. In 2024, according to the Director General of Trade Remedies (DGTR), 25 of 31 ongoing anti-dumping investigations and 24 of 29 concluded cases involved Chinese firms.

Simulation results

	Tariff cuts for all	Tariff cuts for all except China
Welfare (in $ billion)	53.8	51.4
Change in GDP (%)	2.6	2.5
Sectoral output (%)	2.8	2.6
Domestic demand (%)	1.0	2.3
Aggregate export (%)	2.3	1.6
Aggregate import (%)	4.3	3.8
Imports from China (%)	8.6	1.7

While India's DGTR follows a lengthy process to resolve dumping cases, a more strategic response to Chinese dumping in these uncertain times is to cut tariffs for all trading partners, except China.

This makes Chinese goods relatively costlier than those from other trade partners, which would reduce dumping risks while still reaping trade war gains. Though not strictly WTO-compliant, the global trade war itself is unfolding outside WTO norms. In such abnormal times, India must act decisively to protect its economic interests.

To test the impact of two policies — (i) cutting tariffs for all, and (ii) cutting tariffs for all except China — we ran global trade simulations using the GTAP dataset and model, a global computable general equilibrium model. The simulation results are in the table.

With a 25 per cent across-the-board tariff cut, India could gain $54 billion, boost GDP by 2.6 per cent, sectoral output by 2.8 per cent, and exports by 4.3 per cent.

However, imports from China would surge by 8.6 per cent, raising dumping concerns. Under the second policy, where tariffs on China remain unchanged, GDP, welfare, and output remain strong, domestic demand doubles, and exports stay positive.

In a rapidly shifting global trade landscape, India must respond with agility and strategic foresight. While forging a trade pact with the US may offer some gains, unilateral tariff reforms — especially those excluding China — can deliver economic dividends while safeguarding against dumping risks.

Source: thehindubusinessline.com– June 09, 2025

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Government urged to address structural issues faced by textile/apparel sector

The government should address the structural challenges faced by the Indian textile and apparel industry to achieve $100 billion in exports by 2030, according to stakeholders of the industry.

At a meeting held in Coimbatore on Friday to discuss the challenges faced by the textile and apparel exporters, they discussed the reasons for the nil growth in textile and apparel exports for almost a decade. The exports are stagnant at $37 billion — $42 billion in value. The volume of exports has shrunk, which is a matter of concern, they said.

The exports should grow at 17% CAGR to achieve the target of $100 billion by 2030. The industry needs to invest $100 billion to achieve overall market size of $350 billion, including the $100 billion exports (10% of global textile and apparel trade). Since the return on investment is not viable, the industry is not ready to invest in expansion projects and build capacities.

The meeting discussed about structural issues, including raw material prices and high labour costs, that are a major hurdle apart from cost of capital, power tariff, and relatively higher lead time to deliver orders.

The fundamental issue is raw material prices and there should be no restriction on imports and exports. As an immediate measure, the import duty on cotton should be removed, they said.

A report by AT Kearney Consulting and the Foundation for Economic Development said the government has introduced schemes such as the PM MITRA, PLI, advance authorisation, etc to address the cost issues.

According to the stakeholders, for every ₹1 crore investment, the sector generates 60 direct jobs. It has achieved global scale in segments such as spinning, home textiles, technical textiles, and denim. For the industry to leverage the strengths, tap opportunities in the international market and register growth, the basic challenges need to be addressed, they said.

Source: thehindu.com– June 07, 2025

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SEZ Rules amended to attract more investments, facilitate operations

Last Tuesday, the government amended some provisions in the Special Economic Zones (SEZ) Rules, 2006, in the hope of attracting more investments and providing greater flexibility in the operations.

The minimum contiguous land area requirement is now reduced from 50 hectares to 10 hectares for setting up SEZs exclusively for manufacturing semiconductors or electronic components including display module sub-assemblies, various other module sub-assemblies, printed circuit boards, lithium-ion battery cells, mobile and information technology (IT) hardware components, hearables, and wearables. In Gujarat, SEZs for textiles and textile articles can now be set up with a minimum 4 hectares of contiguous land area. The Board of Approval may relax the condition of encumbrance free area in cases where the land is mortgaged or leased to the central or state government or their authorized agencies.

Finished goods can now be exported out of the country or transferred to the customs bonded warehouse to be maintained by any overseas entity or supplied to the domestic tariff area with payment of applicable duties or transferred to the free trade and warehousing zone (FTWZ) unit maintained by any overseas entity in the same or different SEZ according to the instructions of the overseas entity.

For units providing manufacturing services in the semiconductor sector, value of goods received as well as value of goods supplied on free of cost basis shall be included in net foreign exchange (NFE) calculations and such value shall be determined in accordance with the customs valuation rules, as applicable. It is now not mandatory that the overseas entity should supply capital goods, raw materials, consumables, sub-assemblies, components and semi-finished goods free of cost to the unit providing services to it and the same may now be procured by such SEZ unit on its own account also.

India has 276 operational SEZs with 6,275 units operating in them. Total investment in them is about ₹7.07 trillion and they employ about 3.19 million persons. The exports of goods and services from the SEZ units are about $172.28 billion, about 21 per cent of our total exports.

These figures look impressive and a closer look reveals more. About 60 per cent of the exports are from the services sector. About 61 per cent of the units are from the IT and IT-enabled services sector. 41 per cent of the merchandise exports are from the petroleum sector. 52 per cent of the services exports and 40 per cent of the merchandise exports go to the US.

The unique feature of the SEZ scheme is the package of concessions extended to SEZ developers for building infrastructure. Until recently, new SEZ developers and SEZ units enjoyed income tax exemption that other exporters did not. When the SEZ laws came into effect in 2006, the expectations were that world class infrastructure would be built in large SEZs and that they would be major engines of growth.

That has not happened. In fact, the observation of many analysts is that substantial investments and exports got diverted to SEZ units because of fiscal incentives. The government auditors have said that their performance is short of the projections. The government has been amending the SEZ laws every now and then to facilitate the operations and attract more investments. The latest amendments also do so. However, a cost benefit analysis of the SEZs is very necessary to assess whether the scheme should continue indefinitely.

Source: business-standard.com– June 08, 2025

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How to tailor the garment sector for exports

India has a deep-rooted tradition in textiles and apparel (T&A). The sector employs 45 million people and contributes 2.3 per cent to overall GDP. But its share in global trade remains low at 4.2 per cent, a mere $37.8 billion out of $897.8 billion.

A closer look at the apparel segment alone (under HS codes 61 and 62) shows that India's share in global trade is even lower, at 3 per cent — $15.7 billion out of $529.3 billion. More disturbing is the fact that this share has remained stagnant for the past two decades.

Despite these modest numbers, India has set a target of $40 billion in apparel exports by 2030. But in the last few years, apparel exports have declined at an AAGR of –2 per cent. If we had sustained the stronger AAGR of 8.5 per cent (2004-2017), we would reach $31 billion by 2030.

And an AAGR of 8.5 per cent (2004-2023) suggests exports to reach $21 billion by 2030. These numbers make it clear that without a significant shift in policy and strategy, the $40-billion goal will remain a pipe dream. Our research points to a fundamental constraint — India's lack of scale. Put simply, we are too many, too small, and too dispersed. Over 80 per cent of India's apparel units are Micro, Small and Medium Enterprises (MSMEs).

China and Vietnam have built large-scale and export-oriented factories backed by integrated production systems. Even Bangladesh has found a way to either scale up or have single-window "buying houses" that take large orders and then get executed from various factories. The large scale helps them attract global buyers who demand volume.

Scale also drives down unit costs, shortens delivery timelines, and generates mass formal employment. For a country like India with a young population, the garment industry offers a wonderful opportunity to expand employment and grab a larger share of the global market. A worker can be trained to operate a sewing machine in just 60 days.

While the overall garment manufacturing sector remains fragmented, there is a silver lining that shows what scale can achieve. In this context, the most powerful example is that of Shahi Exports. Founded by Sarla Ahuja in 1974, it began as a stitching unit with just a 15-women team, producing 200 pieces a day. But today, it is India's largest apparel exporter, operating over 50 factories, and three processing mills across eight states, and employing more than 1,00,000 workers, 70 per cent of them women. With over a billion dollars in annual revenue, Shahi Exports is well known as "Sarla's garment miracle". What sets Shahi Exports apart is not just its scale, but how it got there: It evolved over 50 years, with a focus on professionalising operations, investing in vertical integration (with 80 per cent of the fabric produced in-house), and building an enterprise that treats profits and its people as complementary, emphasising women's employment and environmental sustainability. It is living proof that Indian firms can scale up and succeed. But it was an organic evolution over 50 years. If we have to revolutionise this sector and create 10 more Shahi-type enterprises in the next 10 years, we need out-of-box policies. Only then we can hope to increase our market share in the global trade of apparel.

To translate ambition into reality, India needs bold reforms enabling scale.

First, capital must be made accessible and affordable for scale-focused investments. A structured capital subsidy of 25-30 per cent, linked to the size of the unit, can provide the initial push. This could be targeted at enterprises meeting a minimum threshold of, say, 1,000 machines (as per the draft PLI 2.0 scheme), to ensure viability and scale. A five to seven-year tax holiday for units would allow investments to mature and become globally competitive. India's cost of capital remains high, averaging 9 per cent compared to 3-3.5 per cent in China and starting from 4.5 per cent in Vietnam. In a sector where margins are razor-thin (typically 4-5 per cent), such incentives are critical for gaining competitiveness.

Second, India's 52 central labour laws have created rigidities, discouraging formal hiring and scale. They need flexibility. Overtime payments are mandated at two times the hourly wage, compared to the ILO standard of 1.25 times, adding to cost pressures. Labour accounts for around 30 per cent of garment production costs. A bold idea could be to link MGNREGA funds (say 25-30 per cent) to subsidise labour costs in garment units. This could make labour-intensive units more competitive while generating productive employment on a sustainable basis. Schemes like SAMARTH should be significantly scaled up to provide short-cycle, demand-linked skilling, especially for women. India's low female labour force participation and high youth unemployment demand job creation, not just income transfers.

Third, at least two of the seven PM MITRA parks should be designated as garment-focused hubs, particularly in states like Uttar Pradesh and Madhya Pradesh, where labour costs are lower and worker migration to southern garment hubs is high. Bringing manufacturing closer to the workforce can reduce costs, boost underdeveloped regions, and build more inclusive industrialisation.

Source: indianexpress.com– June 09, 2025

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Textile mills urged to use Kasturi cotton

More number of spinning mills should use Kasturi cotton, said Siddhartha Rajagopal, Executive Director of the Cotton Textiles Export Promotion Council (Texprocil).

Mr. Rajagopal told The Hindu on Friday that the government is targeting 10% of Indian cotton production to be tested and certified as Kasturi cotton in five years.

It will also support this through the mini mission on cotton. In the 2024-2025 cotton season, 1.12 lakh bales of cotton will be certified as Kasturi cotton. Of this, majority is with the Cotton Corporation of India.

The Texprocil is talking to international brands to use Kasturi cotton as it has traceability and quality assurance. Some of the textile manufacturers in India have made shirts and towels using Kasturi cotton. “It is recognised as a pivot for quality cotton,” he said.

The brand commands a premium and there are standards for extra long staple cotton too. Textile mills that have cotton can go for testing and certification if they have details of the ginners and farmers from whom the cotton was sourced.

At a meeting organised by the Texprocil for members of the textile associations here, chairman of the Southern India Mills’ Association S.K. Sundararaman said the usage by the textile mills will increase when they see demonstration of value for the cotton.

Nishant Asher, secretary of the Indian Cotton Federation, said the pull should come from the garment and made up brands.

The participants also suggested improvement of best practices by farmers so that the traceability starts from the farmers and reduction in short fibres in the cotton to be certified as Kasturi.

Source: thehindu.com– June 06, 2025

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Scale up garment industry

India has a deep-rooted tradition in textiles and apparel (T&A). It employs a workforce of 45 million and contributes 2.3% to the GDP. But its share in global trade remains low (4.2%), merely $37.8 billion out of $897.8 billion. A closer look at the apparel segment alone (under HS codes 61 and 62) shows India's share in global trade is even lower, at 3% ($15.7 billion out of $529.3 billion). More disturbingly, this share has remained stagnant for the past two decades.

Despite these modest numbers, India has set a target of $40 billion in apparel exports by 2030. But in the last few years, apparel exports have declined annually on average by 2%. If we had sustained the stronger average annual growth rate (AAGR) of 8.5% (2004-2017), we would have reached $31 billion by 2030. An AAGR of 5.3% (2004-2023) suggests exports could reach $21 billion by 2030. These numbers make it clear that without a significant shift in policy and strategy, the $40-billion goal will remain a daydream.

Our research points to a fundamental constraint: lack of scale. Put simply, we are too many, too small, and too dispersed. Over 80% of India's apparel units are micro, small, and medium enterprises; meanwhile, China and Vietnam have built large-scale, export-oriented factories backed by integrated production systems. Even Bangladesh has found a way to either scale up or have single-window "buying houses" that take large orders and get them executed from factories.

This helps them attract global buyers who demand volume, besides reducing unit costs, shortening delivery timelines, and generating mass formal employment. For a country like India with a young population, the garment industry offers a wonderful opportunity to expand employment and grab a larger share of the global market.

While overall garment manufacturing remains fragmented, there is a silver lining that shows what scale can achieve. The most powerful example is that of Shahi Exports. Founded by Sarla Ahuja in 1974, the firm began a stitching unit with a team of 15 women producing 200 pieces a day. Today, it is India's largest apparel exporter, operating over 50 factories, three processing mills across eight states, and employing more than 100,000 workers — 70% of them women.

With over a billion dollars in annual revenue, Shahi Exports is well known as “Sarla’s garment miracle”. What sets it apart is not just scale but how it got there: it evolved over decades with a focus on professionalising operations, investing in vertical integration (with 80% of fabric produced in-house), and building an enterprise that treats profits and its people as complementary, emphasising women’s employment and environmental sustainability.

India needs bold reforms that enable scale. First, capital must be made accessible and affordable for scale-focused investments. A structured capital subsidy of 25-30%, linked to the size of the unit, can provide the initial push. This could be targeted at enterprises meeting a minimum threshold of say 1,000 machines (as per the draft production-linked incentive [PLI] 2.0 scheme) to ensure viability and scale. Additionally, a five- to seven-year tax holiday for units would allow investments to mature and become competitive.

India’s cost of capital remains high, averaging 9%, compared to 3-3.5% in China and starting from 4.5% in Vietnam. In a sector with razor-thin margins (typically 4-5%), such incentives are critical to gain competitiveness. Second, India’s central labour laws have created rigidities, discouraging formal hiring and scale. They need flexibility. Overtime payments are mandated at twice the hourly wage, compared to the International Labour Organisation standard of 1.25 times, adding to cost pressures. Labour accounts for around 30% of garment production costs.

A bold idea could be to link Mahatma Gandhi National Rural Employment Guarantee Act funds (say 25-30%) to subsidise labour costs. This could make labour-intensive units more competitive while generating productive employment on a sustainable basis. Schemes like Samarth should be significantly scaled up to provide short-cycle, demand-linked skilling, especially for women. India’s low female labour force participation and high youth unemployment demand job creation, not just income transfers.

Third, at least two of the seven PM Mega Integrated Textile Region and Apparel parks should be designated as garment-focused hubs, particularly in states like Uttar Pradesh and Madhya Pradesh where labour costs are low and worker migration to southern garment hubs is high. Bringing manufacturing closer to the workforce can reduce costs, boost underdeveloped regions, and build more inclusive industrialisation.

Finally, India must rethink its incentive architecture. What the garment sector needs is an export-linked incentive rather than just PLI — schemes that reward firms not just for producing more, but for competing and winning in global markets.

The garment industry deserves policy attention because it sits at the intersection of mass employment and maximum value addition. Success in the segment doesn't just lift export numbers, but also creates demand that pulls up the entire textile value chain. However, to realise this potential, India must move beyond business as usual. If we are to build 10 Shahi Exports in the next 10 years, we need bold policies and swift execution. Our policymakers must rise to this challenge.

Source: financialexpress.com– June 09, 2025

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New credit cover MSME exporters by September

The Centre will prepare the draft of the new credit guarantee scheme for export-oriented MSMEs in a month, covering collateral-free loans of up to Rs 20 crore per borrower.

Under this scheme, it may guarantee up to 95% of loans for micro and small enterprises and up to 75% for medium enterprises. The guarantee fee for borrowers may be around 1.5%, sources told FE.

“The target is to roll out the scheme by September,” a senior official said, adding that the scheme will be in place for six years or till the end of the 16th Finance Commission award cycle ending FY31.

The department of financial services has already held several rounds of discussions with MSME representatives and banks after finance minister Nirmala Sitharaman announced the launch of a credit guarantee scheme for “for well-run exporter MSMEs, for term loans up to Rs 20 crore.”

This would be the first of its kind scheme for MSME exporters. The credit facility will be offered to meet the borrower’s working capital requirements, as well as for expansion projects, in the form of term loans. Currently, there is no such credit guarantee scheme catering to export-oriented MSMEs. The Export Credit Guarantee Corporation (ECGC) provides risk cover against export orders as a packing/post shipment facility.

However, these borrowers have other working capital needs also which they avail as cash credit and overdraft facilities from banks, which are not covered by ECGC. Further, EOUs will also need term loans for expansion, modernisation or setting up new units for which credit guarantee scheme is not available.

The new scheme for EOUs is likely to be managed by the National Credit Guarantee Trustee Company Limited (NCGTC). The credit guarantee scheme would facilitate the increase in exports, helping to earn foreign currency and strengthening the economy.

Over 1 crore registered MSMEs, employing 7.5 crore people, and accounting for 36 per cent of the country’s manufacturing and 45% of exports Growth and stability of MSME sector is important to further our position as a global manufacturing hub Increase in in both investment criteria and turnover across all categories of MSMEs, viz. Micro, Small and Medium.

Interest rate on these facilities can be charged as per board board-approved policies of the lender and as per regulatory guidelines. However, it is expected that the interest rates charged will be competitive to account for the reduced risk levels due to the guarantee cover offered to the credit facility.

At the initial launch stage, it is proposed to roll out the guarantee scheme for EOUs. However, at a later stage with the stabilization of the scheme, it is proposed to include units which facilitate import substitution, also to avail the benefits of the scheme.

Source: financialexpress.com – June 08, 2025

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Andhra Pradesh Government invites Kitex Garments to invest in State's textile sector

A delegation from Andhra Pradesh government led by S. Savitha, Minister of Handlooms & Textiles, visited Kitex Group Garments' headquarters at Kizhakkambalam near here on Saturday (June 7, 2025).

Ms. Savitha, in a press meet soon after the visit, invited the Kitex Group to invest in Andhra Pradesh and lead the textile sector's expansion in the State. Sabu M. Jacob, chairman and managing director of Kitex Garments, received the delegation.

I have come as per the instruction of the Chief Minister of Andhra Pradesh, Chandrababu Naidu. Andhra Pradesh offers robust textile infrastructure with dedicated parks, integrated apparel clusters, abundant land and labour, cotton availability, and excellent port and road connectivity.

Through its current expansion in Telangana, Kitex is becoming the number one player in the apparel segment. That is why I am here to invite Kitex to invest in Andhra Pradesh and lead the textile sector's expansion in the state, she said.

"Andhra Pradesh is ushering in several forward-looking developments in the textile sector. To be part of this growth story, we are inviting globally acclaimed companies with a proven track record—like Kitex—to invest in the state.

Our vision is to create large-scale employment and build Andhra Pradesh into a global textile hub. We will update on further developments after a direct meeting with the Chief Minister," Ms. Savitha said.

If the investment proposal materialises, it will be the company's second biggest investment outside Kerala after Telangana. The Kitex Group has invested ₹3,600 crores in its expansion in Telangana, providing employment to over 50,000 people and expected to consume 15% of Telangana's cotton production, a statement issued by the company here said.

The Kochi-based company has invested in two units — one near Hyderabad and another in Warangal - in Telengana. They are expected to be fully commissioned later this year. The Telangana plants would produce 24 lakh units per day, while the KITEX Kizhakkambalam unit near Kochi would produce 11 lakh units a day. The unit near here had around 9,000 people working in production units, down from the earlier 11,000.

The company had invested around ₹1,000 crore in the unit here over the last 30 years. KITEX had not made any fresh investments in Kerala over the last 10 years, Mr. Jacob had said while announcing the progress of his investments in Telangana earlier this year. Mr. Jacob had a showdown with the Kerala Government following which he switched his investment destination to Telangana a few years back.

Source: thehindu.com– June 07, 2025

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