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USD	EUR	GBP	JPY
85.86	99.75	116.98	0.59

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INTERNATIONAL NEWS

Chinese cotton market: macro tailwinds fails to resolve the industrial dilemma

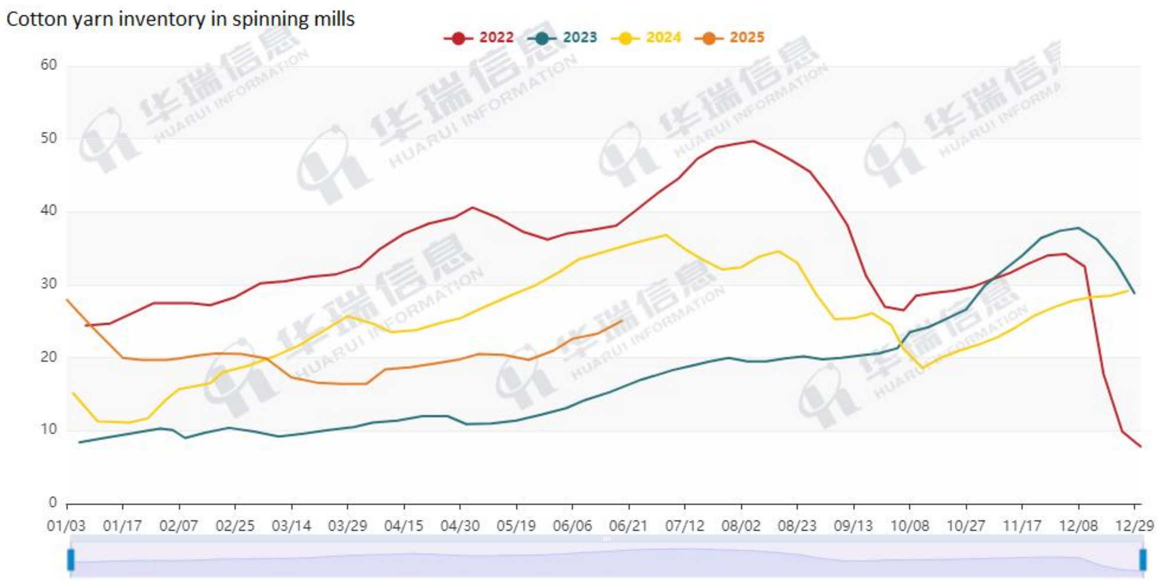
At the beginning of June, high-level interactions between China and the United States injected a much-needed boost into the stagnant cotton market. On June 5, a telephone conversation between China and the U.S. conveyed positive signals. This was quickly followed by Sino-U.S. economic and trade consultations held in London from June 9 to 10, during which the two sides reached a principle framework for implementing consensus.

Buoyed by this macro-level positive momentum, ZCE cotton futures broke free from their previous weak oscillating pattern. The major contract, Sep contract, continued to rise, reaching a peak of 13,600yuan/mt. Currently, It has gradually stabilized within the 13,400-13,600yuan/mt range. Although market sentiment has briefly warmed, the momentum for chasing gains at high levels is clearly insufficient. As the positive impact of the consultations is gradually digested, both bulls and bears have become deadlocked at the 13,500yuan line, awaiting new directional drivers.

1. Gradual weakening of downstream market

In stark contrast to the futures market, the downstream industry is experiencing the "cold of the off-season." Sustained weakness in end-user demand has become the heaviest shackle suppressing cotton price rebounds. Currently, the operating rate of spinning mills has dropped to around 70%, with even lower rates for small and medium-sized mills outside Xinjiang. Cotton yarn inventory has gradually climbed to over 26 days.

Facing futures prices of 13,400-13,600yuan/mtandfirm basis (the basis for North Xinjiang cotton, 29mm and 29gpt, is mostly above 1,400yuan/mt, and the basis for South Xinjiang Kashgar cotton, 29mm and 29gpt, is mostly above 900yuan/mt), the purchasing willingness of mills has significantly cooled. Only a few large mills are replenishing inventory in stages, while most choose to wait and see. However, overall, although the downstream has weakened month-on-month, the pressure is still relatively small year-on-year.



2. Unresolved supply concerns

Since the 2024/25 season, the relatively large downstream spinning capacity and robust operating rates have prevented a significant year-on-year decline in cotton consumption. Meanwhile, imports for the 2024/25 season are expected to be only around 1 million tons, a year-on-year drop of over 2 million tons, which has gradually tightened cotton inventories. Currently, the downstream industry's weakening momentum remains moderate, with insufficient declines in operating rates, leading to the concerns over the supply side continue to support the market-cotton prices are difficult to drop significantly. The persistent firmness of spot cotton basis has become the steadiest anchor for the current market.

However, long-term supply expectations are ample. As cotton planting area in Xinjiang is expected to increase steadily and weather conditions remain favorable, the market generally expects Xinjiang's cotton output for the 2025/26 season to exceed 7 million tons. The arrivals of new cotton is likely to gradually ease supply tightness. Meanwhile, market attention to the issuance of sliding-scale duty quotas has increased, though the industry generally expects that if quotas are released, they will likely be primarily for processing trade, with a relatively small issuance volume that would still have limited impact on improving supply.

Conclusion:

The current cotton market is in a volatile pattern, with bullish and bearish factors mutually restraining. The short-term direction hinges on the race between two key variables:

1. If Downstream Deterioration Accelerates:

Further decline in operating rates, continuous backlog of product inventories, and intensified cash flow pressure-cotton prices will face significantly enhanced downward pressure, likely resuming weak performance.

2. If Downstream Deterioration Remains Moderate:

Despite weakness, no collapse occurs, and rigid procurement by large mills continues-then the supporting logic of firm basis and short-term supply tightness remains valid. Before new cotton arrives on the market, cotton prices may still maintain range-bound.

Source: ccfgroup.com– June 25, 2025

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China Port Volumes Hit Record Highs on US Tariff Truce

Just two months after China's ports saw a severe slowdown in activity as U.S. importers took a wait-and-see approach to President Donald Trump's tariffs, business is booming again.

Seaports across China had their busiest week on record from June 16-22, with roughly 6.7 million 20-foot equivalent units (TEUs) shipped domestically and internationally out of ports including Shanghai, Ningbo, Shenzhen and Xiamen among many others. That marks a 5.9 percent increase from the week prior, with total cargo tonnage increasing 5.6 percent to 263.8 million tons, according to data from China's Ministry of Transport.

The strong numbers follow this month's trade truce between China and the U.S. that brought combined tariff levels down to 55 percent on Chinese goods. Prior to the deal which is still yet to be formally approved by either Trump or Chinese President Xi Jinping, China's exports to the U.S. had a rough two months. In April, when the tariffs were first announced and escalated as high as 145 percent, shipments of Chinese goods to the U.S. dropped 21 percent annually to $33 billion. The next month saw a more pronounced plunge of 34.5 percent to $28.8 billion—China's largest export decline in five years.

The U.S. is likely not the only driver of the overall jump, as Chinese exporters have also been shipping goods in droves to Southeast Asian countries like Vietnam, Thailand and Malaysia, all of whom have their own tariff negotiation deadlines to adhere to with the U.S. by July 9.

The record movement of containers moved appears to bode well for dockworkers at the West Coast ports of Los Angeles and Long Beach, which were impacted by fewer job opportunities when Chinese exports to the U.S. sank.

A CNBC report on Tuesday said that another wave of ocean freight is on its way to the San Pedro Bay ports that would mark the highest number of container ships since January, according to the Marine Exchange of Southern California. On Friday, 64 vessels are expected to arrive at the twin ports, while another 68 should flow in Saturday. Sunday's incoming vessel total is expected to be 64.

And while blank sailings on the trans-Pacific trade lane were common through the tariff turbulence, they're expected to decrease in the coming weeks. Port of Long Beach CEO Mario Cordero told CNBC he expects 18 blank sailings at his port in June, but that this number is slated to fall dramatically to four across July and August combined.

Although the current projections indicate a return of more stable traffic to California ports, there remains no guarantee that the excess cargo out of China will continue to stay elevated throughout the summer, even as the traditional peak shipping season approaches. Across all U.S. ports, the Global Port Tracker had forecast inbound cargo volumes to remain below last year's numbers for the summer, but that came out ahead of June's trade truce resumption.

"The initial demand surge post the May 12 China-U.S. de-escalation and ahead of the Aug. 12 deadline for the reduced U.S. tariffs on China may be behind us," said Judah Levine, head of research at Freightos. "At the same time, carriers, expecting a stronger and more prolonged trans-Pacific container volume spike, have increased capacity on the lane by 13 percent compared to March and early April." Freight rates from China to the U.S. already appear to have hit their seasonal peak earlier this month amid the reports of container capacity outpacing new demand. A Monday analysis from container shipping research firm Linerlytica indicated that the Shanghai Containerized Freight Index (SCFI) rolled back all gains it made in the past three weeks as trans-Pacific rates collapsed due to the excess capacity.

As of Friday, the Shanghai-to-U.S. West Coast rate plummeted 33 percent on a weekly basis to $2,772 per 40-foot container, just after a 27 percent drop the week prior.

"Freight rates to the U.S. West Coast have recorded their largest weekly losses in the last two weeks as their failure to retain any of their June 1 rate hikes have also put the peak season surcharge for contract customers at risk," said the Linerlytica update. "The early end to the trans-Pacific peak season have not yet dragged down rates on the secondary routes that remain supported by buoyant cargo volumes, while charter rates also remain firm with very limited open tonnage."

Source: sourcingjournal.com– June 24, 2025

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Cotton and the Supply Chain: Challenges & Opportunities in 2025

Tariffs, and the uncertainty around them, represent the latest challenge to the fashion industry and cotton supply chains. The corresponding implications for costs are just one factor decision makers are having to contend with. Examples of others include macroeconomic concerns, to shipping and sustainability considerations. All imply evolving sets of challenges and potential opportunities for the cotton industry in 2025.

The cotton industry provides critical economic support for millions of people across the globe. According to the International Cotton Advisory Committee (ICAC), cotton is grown in more than 75 countries and provides direct livelihoods for over 100 million households. The fiber plays a vital role in many national economies, particularly in developing countries, where it serves as a key agricultural export and source of rural employment.

And Jon Devine, Cotton Incorporated's senior economist in the Corporate Strategy and Insights department, emphasized the series of economic challenges the global textile supply chain has been facing in recent years. From the first round of the trade dispute, the pandemic, stimulus that fueled a sharp rebound in consumer demand, the shipping crisis, then inflation and a corresponding spike in interest rates, the industry has dealt with a whipsaw effect on orders over the past several years.

Devine noted that after a period of drawdown, which featured a significant decrease in downstream order placement, orders began to resurface as inventories approached levels from before the pandemic. This, he said, suggested a return to normalcy.

However, before the industry could fully exhale, along came the second round of tariff disputes, which has injected another course of uncertainty for order placement. Devine says the back-and-forth on tariff rates has affected shipping costs and contributed to port congestion.

"Bigger questions loom over the timing and volumes for buying decisions—is it better to pull orders forward in case there are further rate increases? Or is it better to delay orders in case tariffs are lowered?" Devine asked. "The U.S. trade data have not been able to keep up with developments. Nonetheless, tariffs appear to be moving higher. Higher tariffs suggest higher sourcing costs, which could result in lower order volumes. It just may be some time until the dust settles enough for the data to be able to speak to the size of those potential changes."

Global tariffs could affect apparel and footwear prices at the peak back-to-school and fall shopping seasons, although a recent Sourcing Journal report detailed how shippers are rushing to get goods to the U.S. before two tariff deadlines in July and August.

At the fiber level, Devine said there are ample available cotton supplies and prices have remained stable at lower levels.

But at the farm-level, Devine said growers are grappling with the pinch from higher input costs and low cotton prices. Meanwhile retailers and brands face sourcing questions and debate if and how to pass on tariff costs to consumers. Further, recession concerns persist.

"Slower inflation implies a slower rate of price increases, not decreases in prices," Devine said. "However, costs for non-discretionary items like housing and food remain elevated relative to where they were before the pandemic. This continues to pressure consumers' ability to finance discretionary purchases, like clothing."

With consumer sentiment toward the economy remaining mixed, efforts to keep prices stable may play a role in supporting demand. Currently, 41 percent of consumers are somewhat (25 percent) or very (16 percent) optimistic in their outlook for the U.S. economy, according to the Cotton Incorporated 2025 Lifestyle Monitor™ Survey. That compares to 38 percent who are somewhat (22.3 percent) or very pessimistic (15.2 percent), while 22 percent remain neutral.

Consumers generally feel better about their own financial situations. Almost half (49 percent) are somewhat (31.3 percent) or very optimistic (17.8 percent), according to the Monitor™ research. That compares to 21 percent who are somewhat (14.3 percent) or very pessimistic (6.4 percent) about their financial status, with 30 percent remaining neutral.

Besides pricing concerns, consumers are looking for more transparency regarding their apparel. Consider that nearly seven in 10 shoppers (69 percent) say it's important to know where their apparel is made, according to the Sourcing Journal & Cotton Incorporated 2024 Industry Traceability & Recycling Survey. But far fewer—just one in five—consider it to be important to know the individual farm or facility where their clothing was produced.

But that's not the case with makers. For companies that follow the source of raw materials, cotton is the most traced fiber (67 percent), according to the Industry Traceability & Recycling Survey. This is followed by synthetic materials (57 percent), recycled fibers (48 percent), and manmade cellulosics like rayon or viscose (47 percent).

Oritain, a global leader in product origin verification, observes that transparency within the cotton supply chain is showing signs of improvement, driven in part by growing consumer interest in where and how their products are made. Still, the company notes that challenges remain. Cotton is cultivated in more than 75 countries, each with unique environmental and labor practices, making consistency and traceability a complex task. Once cotton leaves the farm, it often moves through a multi-tiered supply chain where links between stages are not always direct. This fragmentation can make it difficult for brands to fully trace the fiber's journey from field to finished product.

Oritain adds that the absence of global standardization in cotton production and manufacturing continues to pose hurdles, along with hesitations around adopting new systems. This is often due to concerns about cost, complexity or disruption to established processes.

Cotton Incorporated is working with growers to improve fiber quality, make cotton easier to process and produce a more uniform product with enhanced qualities.

"This will make it a more versatile material suitable for a range of product categories," said Cotton Incorporated's Vikki Martin, vice president, fiber competition. "As a natural fiber, cotton fiber quality varies within the boll and across the plant. We are specifically working to improve the length uniformity of cotton to make it easier to process and potentially allow cotton to be spun into finer yarn counts."

Martin explained that bale management systems in spinning mills can significantly aid in consistently producing the desired quality. For example, with the Engineered Fiber Selection® (EFS®) System Software, mills can better utilize their inventory and create laydowns using the quality of fiber needed to achieve the desired quality of yarn. This is a more sustainable approach to spinning, as mills can selectively purchase the qualities they need and maintain control, rather than having to overbuy on fiber quality to ensure they meet their yarn quality goals.

“Additionally, the EFS® System can capture the information of the bales being consumed in the laydown so that traceability reports can be provided to the yarn buyer detailing the origins that were used when their yarn was being spun,” Martin said. “Reports can include information about the shipment ID, contract, purchase order, invoice numbers, vendor code, bale ID, country of origin and, if available, the gin code. This kind of report provides a critical piece of information to help the supply chain better document the origin of materials and their manufacturing location.”

As the cotton supply chain evolves, ICAC emphasizes the importance of improving transparency, promoting sustainable agricultural practices and supporting collaboration among stakeholders—to ensure cotton remains a viable and responsibly sourced material for the future.

Source: sourcingjournal.com– June 23, 2025

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EU's Supply Chain Rules Receive 'Another Blow' as Member States Propose Deeper Cuts

Perhaps the biggest irony of the European Union's supply chain due diligence rules, now being hotly relitigated, is that they was supposed to provide a sense of certainty and consistency. And for a brief, shining moment they did.

The only certainty or consistency around Brussels these days, however, is that the lack thereof. On Monday, ambassadors from all 27 member states signed off on the European Council's position on the inaugural omnibus simplification bill, which proposes amendments to the corporate sustainability due diligence directive, the corporate sustainability reporting directive and other legislative instruments even more aggressive than those proposed by the European Commission in February to relieve what it says are red-tape burdens, particularly on smaller enterprises.

But the European Council thinks that the CSDDD's current threshold, which renders accountable only companies with more than 1,000 employees and a net global turnover of 450 million euros ($523 million)—or much higher than the originally proposed 500 employees and net global turnover of 150 million euros ($174 million)—could be raised further. It adopted a French proposal to cover only companies with more than 5,000 employees and 1.5 billion euros ($1.7 billion) in net global turnover.

While the European Council said that the largest companies can have the biggest influence on their value chains and are "best equipped to absorb the costs and burdens of due diligence processes," the outcome would be that fewer than 1,000 companies—versus the previous 3,300, already 0.05 percent of European businesses—would be in scope.

The EU representatives agreed with the first omnibus bill that companies should only have to assess their direct suppliers—that is, those in Tier 1—through a general scoping exercise unless there is "objective and verifiable" information suggesting adverse impacts beyond direct business partners. They also proposed postponing the transposition of the CSDDD by member states by a year to 2028 and the obligation of in-scope companies to adopt Paris Agreement-aligned climate change mitigation transition plans by two years to 2029.

The consensus at COREPER II, meaning the Committee of Permanent Representatives (Part 2), puts the European Council's incoming Danish presidency on the road to a tense trilogue as it prepares to hash out details with the European Parliament and European Commission ahead of a vote in October.

The European Parliament has yet to release a negotiating position, though it previously agreed to a "Stop the Clock" directive to delay sustainability reporting and due diligence obligations for certain companies under both the CSDD and the CSRD.

"Today we delivered on our promise to simplify EU laws," Adam Szłapka, Minister for the European Union of Poland, said in a statement. "We are taking a decisive step towards our common goal to create a more favorable business environment to help our companies grow, innovate and create quality jobs."

Critics of the simplification process see it as tantamount to deregulation. It was only on Friday, after all, that the European Commission announced that it would be withdrawing from consideration a landmark law that would penalize nebulous, misleading or inaccurate corporate environmental claims.

Lara Wolters, the Dutch politician who was the European Parliament's lead negotiator on the CSDD, also said as much on the eve of the Global Fashion Summit in Copenhagen, describing a "sort of 'Trump lite'" atmosphere where "true simplification" is only secondary. Over in the United States, Republican lawmakers are far from fans of the directive, too.

"The European Commission has now, under the guise of the report by Mario Draghi, rolled out a deregulatory agenda under pressure from a lot of large lobby groups in some of the member states, basically saying, 'Wait a minute, all of what we did at the end of the last term, we didn't really mean,'" Wolters said, referring to the Italian economist and former European Central Bank president's 2024 paper on the future of EU competitiveness.

"Of course, there's nothing wrong at all with simplifying rules for business. The problem here is that the intention is not simplification as such. The intention is to give a political signal that we, too, are going to do things differently. And the problem with it is it's been rushed through."

Kalpona Akter, founder and executive director of the Bangladesh Center for Workers Solidarity and a former child garment worker, echoed the sentiment on stage at the Copenhagen Opera House a day later. She said she was filled with hope that the CSDDD would do something that decades of voluntary agreements have failed to, especially when it comes to access to remedy.

"For me, either have a good agreement or no agreement," she said. "This kind of toothless directive is not going to make any difference for society back home."

For Boukje Theeuwes, head of policy at Solidaridad Europe, a nonprofit for international cooperation, the European Council's decision strikes "another blow" for the promise of the CSDDD to create a level playing field that tackles the root causes of human rights violations.

Allowing companies to avoid looking beyond their first-tier suppliers, except in extenuating circumstances, she added, creates a "limitation" that ensures that smallholder farmers and workers at the start of supply chains will see no support as they work to address social and environmental issues. It also undermines the central tenets of responsible business conduct, particularly the protection and inclusion of the 600 million smallholder farmers worldwide who are "indispensable to the resilience of Europe's supply chains."

"The Council's approach flips due diligence on its head: forcing companies to act only after the damage has been done," Theeuwes said. "This won't address the problems of global trade; it will sweep them under the rug, along with any hope for addressing the root causes of sustainability challenges in these sidelined communities."

Nele Meyer, director of the European Coalition for Corporate Justice, a coalition of civil society organisations and NGOs across Europe, went further, calling the EU's simplification agenda a "sharp and alarming departure" from the climate, environment and human rights commitments on which the CSDDD was originally build upon and a"slap in the face of affected communities and victims."

Drastically weakening obligations related to climate transition plans, she added, "hollows out" one of the directive's few tools to ensure corporate action on climate.

"Despite the urgency of the climate crisis, member state governments are releasing companies from climate obligations and thus failing future generations," she said. "The CSDDD had prepared the ground for a fundamental shift in corporate conduct, but this general approach turns the clock back to business as usual. This is not simplification—it is full-scale deregulation."

The leaders of two of Europe's most powerful countries have made no secret of the fact that they would rather the CSDDD disappear altogether. In a speech to a group of business executives at Versailles in May, French President Emmanuel Macron called for it and other regulations "not just to be postponed for one year, but to be put off the table." His comments followed similar words from German Chancellor Friedrich Merz, who called for a "complete repeal" of the directive as a "logical next step" on his first official visit to Brussels the same month.

While Germany, like France, has its own supply chain due diligence law, the incoming coalition government has announced plans to repeal it due to concerns over a sluggish economy and geopolitical uncertainty. The CSDDD was supposed to do away with a patchwork of disparate requirements across the continent by enforcing a single—and one might say simple—standard.

On Monday, a group of high-ranking figures, including former parliamentary officials and ex-United Nations high commissioners for human rights, wrote an open letter contesting what they said was the "false dichotomy between sustainability and social responsibility on one hand, and efficiency and competitiveness on the other."

"We understand and share the concern that excessive bureaucratic and regulatory demands can impact the internal operations of European companies," they said. "That is why we support efforts to reduce and streamline these demands. However, we believe it is essential to uphold certain non-negotiable principles and political commitments that have established the European Union as a global leader in social and environmental matters."

With the impacts of climate change bringing "significant" economic costs and social challenges, the transition toward a fairer and more sustainable economy "cannot wait," the signatories said. Achieving decarbonization targets will require "transformative changes" in production models that are buttressed by public policies that "promote transparency and create clear incentives—and disincentives—for market actors." The same goes for social sustainability.

"We advocate for competitiveness rooted in innovation and social justice—not in a race to the bottom through cost-cutting or the erosion of welfare standards and human rights, both within the EU and in third countries," they added. "Europe must uphold this moral leadership not only within its territory, but also throughout the highly internationalized supply chains of major companies operating in the EU."

Source: sourcingjournal.com– June 24, 2025

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China's share dips to 46.8% in Japan's apparel market, still leads

China is gradually losing its share in Japan's apparel market, which fell to 46.88 per cent during January–April 2025. However, China remained the largest supplier by a significant margin, far ahead of the second-largest supplier, Vietnam, which accounted for less than 20 per cent of imports in the same period. Notably, China's share stood at over 55 per cent just four years ago.

Japan's total apparel imports amounted to $8.086 billion in the first four months of the current year. Imports from China were valued at $3.790 billion, representing 46.88 per cent of the total. During the same period in 2024, Japan had imported $3.596 billion worth of apparel from China, which was 48.45 per cent of its total apparel imports valued at $7.423 billion, according to Fibre2Fashion's market insight tool TexPro.

Japan's total apparel imports grew by 8.93 per cent in the first four months of 2025, while imports from China rose by only 5.39 per cent. The relatively higher overall growth in imports contributed to China's declining market share.

Between January and April 2025, Japan's apparel imports from Vietnam reached $1,503.841 million (18.60 per cent), from Cambodia $543.280 million (6.72 per cent), from Bangladesh $525.744 million (6.50 per cent), and from Myanmar $448.586 million (5.55 per cent), as per TexPro. Japan's apparel imports from China were 55.24 per cent in year 2022 when the traded amounted to $13.811 billion. The inbound shipment from China was $12.158 billion (51.28 per cent) in 2023 and $11.233 billion (49.04 per cent) in year 2024.

China accounted for 55.24 per cent of Japan's apparel imports in 2022, when imports totalled $13.811 billion. The share fell to 51.28 per cent ($12.158 billion) in 2023 and further declined to 49.04 per cent ($11.233 billion) in 2024. Japan's total apparel imports in 2024 were recorded at $22.907 billion, slightly lower than $23.712 billion in 2023 and $25.001 billion in 2022.

Source: fibre2fashion.com– June 25, 2025

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OECD recognizes GOTS Version 7.0 as one of the most advanced standards in textiles

The Global Organic Textile Standard (GOTS) Version 7.0 has been recognized as one of the most advanced standards for due diligence in the textile sector by the Organisation for Economic Co-operation and Development (OECD).

The non-profit organization behind GOTS, Gold Standard announced, an OECD Alignment Assessment found GOTS Version 7.0 to be highly aligned with the OECD Due Diligence Guidance for Responsible Supply Chains in the Garment and Footwear Sector.

Having reviewed 167 criteria, the assessment confirmed, GOTS Version 7.0 addresses all six steps of the OECD Due Diligence Guidance. A significant 68 per cent of criteria were fully aligned, with another 30 per cent partially aligned, and only 2 per cent not aligned. Despite the overall result of being ‘partially aligned’ due to the OECD's stringent methodology, this outcome positions GOTS among the most advanced initiatives assessed to date.

Rahul Bhajekar, Managing Director, Global Standard, emphasizes, the recognition confirms GOTS’ significance as not just a certification, but also a robust tool supporting companies in embedding meaningful due diligence throughout their operations.

The OECD specifically commended GOTS for adopting a comprehensive approach which includes addressing the entire due diligence process, from risk identification and prioritization to mitigation, monitoring, communication, and remediation; defining consistent expectations across labor rights, environmental issues, and supply chain integrity and promoting responsible conduct within both certified companies' own operations and their full supply chains.

Ruslan Alyamkin, Responsible for Standard Development and Implementation (Social Responsibility), Global Standard, notes, the assessment validates GOTS as a system grounded in internationally recognized frameworks and confirms our Due Diligence Framework as an example of best practice in the industry.

Aligned with the UN Guiding Principles on Business and Human Rights (UNGPs), the GOTS Due Diligence Framework offers companies a structured, risk-based method for upholding human rights, environmental integrity, and ethical governance throughout the textile value chain.

This recognition builds on GOTS's existing credibility, having already been recognized by organizations like the International Trade Centre, the US Department of Agriculture, and the US Environmental Protection Agency. Claudia Kersten, Managing Director. Global Standard, affirms, OECD recognition assures certified companies, consumers, and regulators alike of GOTS being a proven instrument that supports the cause for sustainability, empowering businesses to thrive while advancing the SDGs.

Source: fashionatingworld.com– June 23, 2025

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Global Textile Machinery shipments show divergent trends in 2024: ITMF

Global shipments of textile machinery displayed sharp contrasts across segments in 2024, according to the 47th annual International Textile Machinery Shipment Statistics (ITMSS) released by the International Textile Manufacturers Federation (ITMF). The report, compiled with input from over 200 manufacturers worldwide, covers six major categories spinning, draw-texturing, weaving, circular knitting, flat knitting, and finishing.

The spinning segment witnessed a major contraction. Shipments of new short-staple spindles dropped by 40 per cent, falling by 3.8 million units to 5.92 million. Open-end rotors saw a similar 39 per cent decline, totaling 623,000 units globally. The Asia & Oceania region continued to dominate, receiving 90 per cent of short-staple spindles and 89 per cent of rotors, although deliveries fell sharply. China, India, and Turkiye remained the top investors despite steep drops. Exceptions were noted in Vietnam and Bangladesh, where rotor shipments surged by 214 per cent and 44 per cent, respectively.

Long-staple (wool) spindle shipments bucked the trend, increasing by 62 per cent to 600,000 units. This growth was primarily driven by shipments to Iran, China, and Vietnam, accounting for 40 per cent, 30 per cent, and 13 per cent of global deliveries, respectively.

Texturing machinery showed the strongest recovery. Single-heater draw-texturing spindle shipments, mostly used for polyamide, jumped 95 per cent to 84,000 units, while double-heater spindles, used mainly for polyester, surged 80 per cent to 960,000 units. Asia & Oceania received nearly all deliveries, with China dominating the market.

In the weaving segment, global shuttle-less loom shipments rose by 32 per cent to 226,000 units. Water-jet looms led the increase with a 56 per cent growth, while air-jet looms rose 10 per cent. Rapier and projectile loom shipments declined by 7 per cent. Asia & Oceania absorbed 97 per cent of global loom deliveries, with China remaining the leading destination.

The circular knitting category faced a 15 per cent decline, with shipments totaling 28,000 units. China, though still the largest importer, recorded a sharp 42 per cent drop. India and Vietnam followed in second and third positions. Meanwhile, flat knitting machine shipments increased 16 per cent to 135,000 units, driven by continued demand from Asia, particularly China, which received 82 per cent of shipments.

Finishing machinery recorded a marginal 6 per cent rise overall. In the continuous fabrics segment, stenter shipments grew by 22 per cent. Other finishing machines reported mixed results, with dyeing lines showing both steep drops and triple-digit increases depending on the technology. In the discontinuous segment, jigger and beam dyeing machines declined by 44 per cent, while air jet and overflow dyeing equipment rose by 18 per cent and 5 per cent, respectively.

These contrasting trends reflect evolving regional dynamics, shifting investment patterns, and continued market volatility across global textile production.

Source: fashionatingworld.com– June 21, 2025

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France declares war on ultra-fast fashion

Shein and Temu, the dominant players in the ultra-fast fashion sector, already pressured by US tariff policy under the Trump administration, now face a major legislative setback in France. A newly passed French law, adopted by the National Assembly in May 2025 and approved by the Senate with near-unanimous support (337–1) in June, directly targets the core business models of these two companies. The legislation is considered the most aggressive regulatory response yet mounted against the sector, aiming to alter the environmental and economic landscape that has enabled the rapid global expansion of algorithm-driven retail platforms.

Key Provisions of the Law

The new law imposes a multilayered framework of taxation, market constraints, and consumer-facing requirements. Central to the legislation is the introduction of a mandatory 'eco-score' for garments sold in France. Each product must disclose its environmental impact, including emissions, water usage, and recyclability.

Items receiving low scores will initially incur a penalty tax of €5 per item, with the figure set to rise to €10 by 2030. This aims to eliminate the low-cost advantage underpinning Shein and Temu's appeal by transferring environmental costs directly onto consumers.

The law also implements a ban on advertising for ultra-fast fashion brands. This covers all traditional media, including television, radio, and billboards, as well as digital platforms. Influencers are subject to penalties for promoting these brands—a first in global legislation. The ban is designed to cut off a major source of consumer engagement and limit visibility, which is seen as essential for maintaining high sales volumes in the sector.

Additional provisions include a tax on all packages shipped from outside the European Union, further weakening the viability of ultra-fast fashion's overseas supply chains. The law also ends the practice of free returns, introducing a financial cost to consumers for a behaviour heavily incentivised by these platforms. Shoppers must now consider logistical and financial consequences before making bulk purchases.

Targeted Scope: Differentiating ‘Ultra’ from ‘Fast’

A late-stage amendment introduced by the Senate differentiates ‘ultra-fast fashion’ from the conventional fast fashion. This distinction allows the most severe penalties—particularly the advertising ban and highest tax brackets—to apply specifically to companies like Shein and Temu, explicitly named in legislative debate. In contrast, brands such as Zara, H&M, and France’s Kiabi are subject to lower eco-taxes and retain full advertising rights. This differentiation was framed by legislators as a move to shield domestic and European firms from collateral damage while focusing enforcement on actors perceived as disproportionately harmful.

Environmental and Social Rationale: The Data Behind the Decision

The legislative drive is grounded in data on fashion’s environmental and human toll. The UN Environment Programme has reported a doubling of global clothing production between 2000 and 2015, alongside a 36 per cent reduction in how long garments are worn. Approximately 92 million tons of textiles are discarded each year. Fashion contributes an estimated 8–10 per cent of global carbon emissions, more than international flights and maritime shipping combined. Shein and Temu’s operations exacerbate these impacts.

Social impacts are equally severe as the model relies on rapid, fragmented subcontracting, pushing pressure down the chain and echoing the dynamics that led to past industrial tragedies. Both Shein and Temu are also under scrutiny for sourcing materials from Xinjiang, raising concerns over links to forced labour involving Uyghur populations.

Criticism: Environmental Gap and Political Compromise

Environmental organisations argue the law does not go far enough. Critics point out that while Shein and Temu are being punished, the vast majority of fast fashion activity remains untouched. Pierre Condamine from Friends of the Earth France criticised the legislation as a missed opportunity, arguing that over 90 per cent of clothing sold and discarded in France comes from conventional fast fashion, not the ultra-fast segment. The concern is that political compromises to protect domestic retailers have narrowed the law’s impact, potentially undermining broader environmental goals.

Corporate Response: Legal Pushback and Strategic Options

Shein and Temu now face a strategic decision. They can attempt to comply by overhauling supply chains, investing in local infrastructure, and absorbing new costs. Alternatively, they may reduce operations or exit the French market altogether. Either path will set a precedent for how ultra-fast fashion adapts—or fails to adapt—under sustained regulatory pressure.

Looking Ahead: Enforcement and Broader Implications

A joint parliamentary committee will meet in September 2025 to finalise the legislative text. Full implementation depends on the establishment of enforceable eco-score metrics, tax collection systems, and mechanisms to monitor compliance. EU review remains a potential hurdle, but the law's passage signals strong momentum for further regulation.

France has now positioned itself as a test case. Whether the measures lead to industry transformation or evasive restructuring will influence similar actions that are pursued elsewhere. The long-term success of the legislation may depend less on legal force and more on whether it can meaningfully shift consumer demand and corporate behaviour.

The global fashion industry is watching closely. What happens in France may define the future of fashion's regulatory landscape.

Source: fibre2fashion.com– June 25, 2025

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Malaysia signs economic partnership agreement with EFTA nations

Malaysia has signed an Economic Partnership Agreement with European Free Trade Association (EFTA) member countries—Switzerland, Norway, Iceland and Liechtenstein—in Tromso, Norway, strengthening international trade relations.

The agreement offers opportunities for economic cooperation and trade to grow further and enables stakeholders on both sides to achieve valuable tariff savings. The parties also signed a memorandum of understanding (MoU) on cooperation and capacity building, EFTA said in a joint press statement.

The agreement is an ambitious and broad-based agreement covering trade in goods, services and investment. Furthermore, this milestone agreement includes areas such as economic cooperation, trade and sustainable development, intellectual property rights, rules of origin, competition, trade facilitation, government procurement, sanitary and phytosanitary measures, and technical barriers to trade.

Upon implementation, over 90 per cent of Malaysia's exports—including all industrial goods—will gain permanent duty-free access to EFTA markets, replacing the benefits once offered under the generalised system of preferences (GSP), as per Malaysia's media reports.

The Malaysia-EFTA Economic Partnership Agreement (MEEPA) was signed by Malaysia's Minister of investment, trade and industry Tengku Datuk Seri Utama Zafrul Aziz, Minister of trade of Norway and current EFTA chair Cecilie Myrseth, Minister of finance and economic affairs of Iceland Daði Már Kristófersson, Deputy Prime Minister of Liechtenstein Sabine Monauni, and Vice President of Switzerland Guy Parmelin.

"At a time when the international trading system is under pressure, the signing of the Economic Partnership Agreement between the EFTA States and Malaysia is a powerful statement of our shared commitment to open, rules-based trade. It strengthens our economic ties, supports sustainable growth and provides opportunities for businesses and workers on both sides," said Myrseth.

"This Economic Partnership Agreement represents more than just a trade agreement. MEEPA is a powerful tool for Malaysia and the EFTA States to enhance our bilateral trade and investment partnership, while strengthening our resilience in the face of global challenges. The signing of MEEPA is only the beginning. Together, our priority must be to fully operationalise this agreement and maximise its potential by facilitating greater collaboration between our governments and businesses," said Zafrul.

Source: fibre2fashion.com– June 24, 2025

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Bangladesh's apparel exports to EU up ~24% YoY in Jan-Apr 2025

Bangladesh's readymade garment (RMG) exports to the European Union (EU) rose to $8.07 billion during the first four months this year from $6.51 billion during the same period last year.

The country's RMG exports in the same period grew by 23.98 per cent year on year (YoY), backed by a strong 19.71-per cent increase in volume.

There was a 3.57 per cent YoY rise in unit price, showcasing balanced growth in export amount, volume and price in the EU market.

China's apparel exports to the EU during January-April 2025 reached $8.39 billion—up from $6.90 billion in the same period in 2024, with a growth rate of 21.49 per cent in value and a remarkable 7.37 per cent increase in unit price, Eurostat figures show.

However, Turkiye saw a 5.41 per cent YoY decrease in apparel exports to the EU during the period, while Vietnam recorded a 15.62 per cent YoY growth, with a 5.68 per cent increase in unit price.

India, Pakistan and Cambodia secured $2.01 billion, $1.42 billion and $1.56 billion in exports to the EU, with growth rates of 20.58 per cent, 23.42 per cent and 31.78 per cent YoY respectively.

Source: fibre2fashion.com– June 25, 2025

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NATIONAL NEWS

India on track to be $5 trn economy by 2027 despite global risks: Goyal

Union Commerce and Industry Minister Piyush Goyal on Tuesday said India is firmly on track to become a $5 trillion economy by 2027 despite global turbulence, driven by a collective national effort and strong leadership under Prime Minister Narendra Modi.

Speaking at a virtual session organised by the Merchants' Chamber of Commerce and Industry (MCCI), Goyal also hailed the government's decade-long economic reforms as transformational rather than incremental.

"We are well on track to achieve the $5 trillion economy goal in the next three years. This will be the first milestone on our journey to 'Viksit Bharat' by 2047," Goyal said.

Taking note of the global economic volatility and geopolitical headwinds, the minister said India must navigate turbulent waters with unity and determination.

"Great economies aren't built in calm waters. This is India's time. We must seize the moment and work together to claim our rightful place among the world's leading nations," he said.

Goyal described the government's development model as one focused on inclusive, sustainable, and honest growth, emphasising service, good governance, and innovation.

"The last 11 years have not been about incremental change. We have aimed for quantum leaps," he said.

Citing economic indicators, Goyal said India has moved from being part of the 'Fragile Five' to becoming one of the top five global economies.

He highlighted the country's foreign exchange reserves, which recently touched $698 billion, robust banking sector health, and inflation levels averaging among the lowest in post-independence history.

He also praised Prime Minister Modi's personal commitment to citizen welfare, referencing the government's swift evacuation efforts in global conflict zones, like Iran and Ukraine.

Referring to the Emergency imposed in 1975, the minister drew a contrast with present-day India, calling it an "oasis of stability" in a globally unstable ecosystem.

He also pointed to the government's aggressive free trade agreements (FTAs) with developed economies such as the UK, Australia, and the EU, which he said are designed to benefit Indian exporters and MSMEs.

"The FTAs we are signing are not with weak or competing economies but with advanced markets. These are complementary relationships, offering immense opportunities for our industry," he said, urging exporters and startups to take advantage of these deals.

Touching on the potential of AI and emerging technologies, Goyal said India is ready to lead in sectors like artificial intelligence, quantum computing, and 3D printing.

"Rather than fearing job losses, we should focus on the opportunities to create new employment. Our youth are aspirational, and the government is working with industry bodies like NASSCOM to build AI skills," he added.

He concluded by urging businesses to expand and bring economy of scale to foray into new markets and focus on innovation-led exports.

"This is a virtuous cycle -- scale leads to competitiveness, which in turn fuels exports and prosperity. India's growth story belongs to all of us," he added.

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

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S&P ups India's FY26 growth forecast to 6.5% on resilient domestic demand

S&P Global Ratings on Tuesday upgraded the growth forecast for India for the financial year 2025-26 (FY26) by 0.2 percentage to 6.5 per cent. In its Economic Outlook Asia-Pacific Q3 report, it said that the forecast assumes a normal monsoon, lower crude oil prices, income-tax concessions and monetary easing.

"Indeed, we see India's GDP growth holding up at 6.5 per cent in FY26," the report said. The report said that with inflation not a major risk, more focus on growth risks and external factors unlikely to significantly constrain monetary policy easing, Asia-Pacific central banks are expected to continue to cut policy rates.

"We expect favourable domestic demand to limit the slowdown in overall GDP growth in 2025, but less so in the more export-oriented economies," S&P Global Ratings said.

In May 2025, S&P had slashed India's growth projections by 0.2 per cent to 6.3 per cent for the current financial year, citing uncertainty over the US tariff policy and downside risks from its spillover to the economy. In its earlier report titled Global Macro Update: Seismic Shift In US Trade Policy Will Slow World Growth, S&P Global Ratings said, "We reiterate that there are no winners in a scenario of escalating protectionist policies."

The latest report of the rating agency said that the domestic demand growth is likely to be more resilient than exports.

Highlighting that the risks to the global economy have risen due to the turbulence in West Asia, S&P Global Ratings said that long-lasting major increases in oil prices could have significant economic impact in Asia-Pacific. It, however, added that the current conditions on global energy markets make long-term impact on oil prices unlikely.

The ratings agency in its May report had said that changes in global trade policy would catalyse supply chain diversification to the benefit of India, which is on track to become the world's third-largest economy between FY30 and FY35.

On June 10, the World Bank's Global Economic Prospects Report kept India's GDP growth rate for FY26 unchanged at 6.3 per cent amid rising trade barriers and dampened exports due to weaker activity in key trade partners.

In April, the International Monetary Fund (IMF) pared down its FY26 growth forecast for India by 30 basis points to 6.2 per cent, citing escalating trade tensions and global uncertainty.

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

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FTAs with US, EU soon; exporters to get full govt backing: Sitharaman

Union Finance Minister Nirmala Sitharaman on Tuesday said that the trade talks with the United States (US) and the European Union (EU) are likely to end soon, assuring exporters of government support amid the challenging global environment.

"Intense trade negotiations are going on with the US and the European Union and should come to a conclusion sooner. Emphasis is being made on getting more free trade agreements signed," Sitharaman said at Exim Bank's Trade Conclave 2025 in New Delhi.

The Finance Minister pointed out that India's total exports have touched an all-time high of $825 billion at 6 per cent growth over the previous year, despite a challenging global environment. "This is a significant leap of $466 billion over 2013-14," she added.

She also lauded the grit and perseverance of Indian exporters, acknowledging their continued success despite challenging global conditions.

"Despite that, I appreciate the Indian exporters putting in that kind of an effort, that they are still growing and finding real success. And therefore, on this particular occasion, I take this opportunity to congratulate all those exporters who have received their awards, but for those who have not received their awards, you're really swimming against the current and succeeding in it," she said.

She further assured exporters of continued government support. "All support from the Government of India is all that I can assure you, because we need to do that more."

The FM further highlighted that global trade was slipping, with institutions such as the Organisation for Economic Co-operation and Development (OECD) and World Bank projecting a decline. "Global growth in trade has suffered," she said.

The FM's comments have come at a time when India is looking to deepen its export base while navigating an uncertain global economic climate brought about by US President Donald Trump's tariffs and geopolitical uncertainties.

Sitharaman reiterated the government's commitment to supporting exporters through improved access to finance and structural reforms. "The government will give all support to exporters. Every year, we have had serious challenges in global trade," Sitharaman said.

She pointed out that despite facing challenges in the last few years, the Indian exporters have performed well.

"From COVID in 2020 to Russia-Ukraine war in 2022 and the disturbances due to Hamas in 2023 and the recent tariff war, we have had serious challenges every year to global trade," she said, while pointing out that the Indian exporters have upped the game with foraying into new markets and value added high tech products.

"While global exports grew at 4 per cent, India's exporters managed a 6.3 per cent growth," she added.

"Tech-infused high-end products are getting exported today. India is not just exporting bulk raw goods or commodities. Today, high standard well-engineered products are being exported. Indian exporters have also been finding new markets," she added.

Sitharaman pointed out that the government has taken five major steps to support exporters. "The first one is transport and logistics upgrade, which improves supply chain efficiency. Secondly, the government has provided targeted support to MSMEs. Third of the five is trade finance access," she said.

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

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Why these two agri industries are wary about India-US trade deal

Even as India and the United States work towards finalising a bilateral trade deal – ahead of a looming July 9 deadline for the reimposition of President Donald Trump's so-called reciprocal tariffs – at least two major domestic agricultural-based industries are worried about the possible concessions that a deal might entail.

The sugar industry, for one, is against allowing imports of ethanol for use in blending with petrol. The mills aren't also very keen on import of genetically modified (GM) maize/corn as a feedstock for fuel ethanol. The US is the world's top producer as well as exporter of both maize and fuel ethanol.

The second is the soyabean processing industry. The Indore-based Soybean Processors Association of India (SOPA) has vehemently opposed imports of soyabean. The US is the second biggest producer and exporter of this leguminous oilseed after Brazil. Both countries mostly grow GM soyabean.

Given the US' high stakes in these commodities – and the geopolitical imperative to find a sizeable alternative market to China – there's significant pressure on India to remove restrictions on their imports.

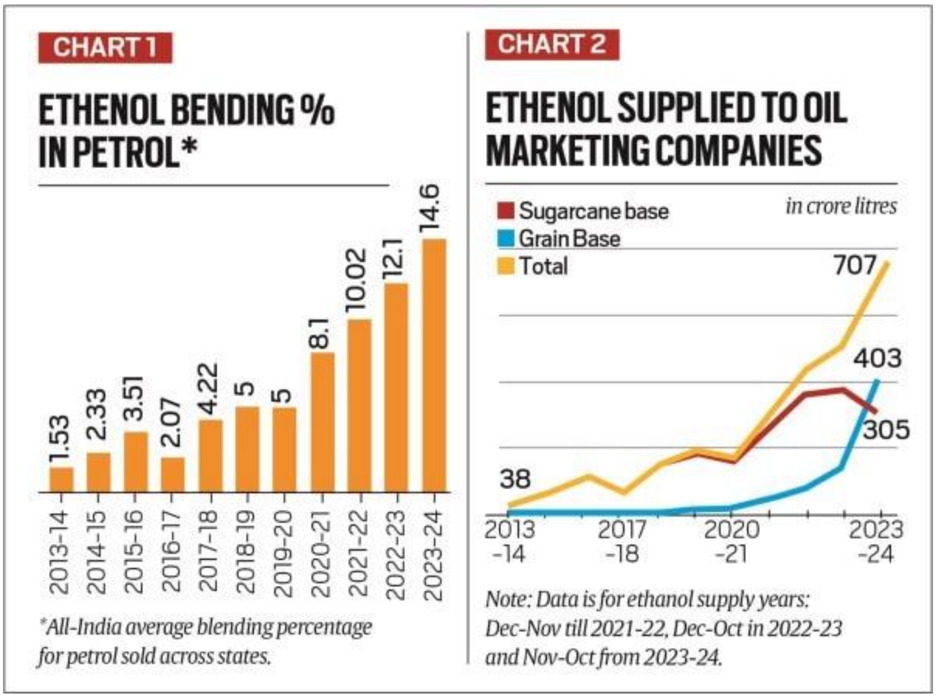
But any such opening up in the India-US trade deal could encounter resistance from the two well-established agro-processing industries.

What sugar millers fear

The ethanol-blended petrol programme has been a success story of the Narendra Modi-led government.

Chart 1 shows that the average blending of ethanol in petrol sold by oil marketing companies (OMC) has risen from just 1.5% in 2013-14 to 14.6% in 2023-24. In the current supply year, from November 2024 till May 2025, the cumulative all-India average blending ratio was 18.8%, close to the target of 20% by 2025-26.

But the industry's concerns are over the feedstock used for ethanol production.



Till 2017-18, the entire ethanol for blending in petrol came from molasses, the leftover dark syrup after extraction of sugar crystals from cane juice. From 2018-19, the mills-cum-distilleries also began using cereal grains (mainly broken or old rice unfit for human consumption) as feedstock. Since 2023-24, the ethanol supplies from grain-based feedstock, particularly maize, has overtaken that from sugarcane molasses and whole juice (Chart 2).

For the 2024-25 supply year, a total 1,047.9 crore litres of ethanol have been contracted or made available to OMCs. Out of that, 710.4 crore litres or nearly 68% is from grain-based feedstock, including 483.9 crore litres from maize, 119 crore litres from the Food Corporation of India's surplus rice and 107.5 crore litres from damaged/broken grains. Only the balance 337.5 crore litres are from molasses (144.7 crore litres) and sugarcane juice (192.8 crore litres).

"As it is, sugarcane is being marginalised as a feedstock. It would be worse with imports of maize or even ethanol itself," says a miller from Uttar Pradesh.

According to him, the industry was already facing the prospect of stagnant, if not declining, domestic sugar consumption: "Our future isn't sugar, but energy. Today, it is 20% ethanol-blended petrol. Tomorrow, it may be 5% blending in diesel or ethanol being converted through additional processing into sustainable aviation fuel producing lower carbon emissions compared to petroleum jet fuel".

Ethanol from sugarcane, the miller claims, will not create any major "fuel versus food and feed" dilemma. "Sugar consumption won't increase much in India, unlike milk, egg and chicken that need maize as the key feed ingredient. The diversion of maize for biofuel will cause huge demand-supply imbalances and shortage of grain for livestock and poultry," he adds.

The US exported a record 1,914 million gallons (724.5 crore litres) of ethanol, valued at $4.3 billion, in 2024. India was its third largest market (after Canada and the United Kingdom), at 187 million gallons (70.8 crore litres) worth $441.3 million. India permits import of ethanol only under licence for industrial (non-fuel) purposes and restricted to "actual users": Imports can be for manufacture of alcohol-based chemicals, but not for blending in petrol or diesel.

A recent NITI Aayog working paper has suggested that India import GM maize as a feedstock for ethanol production. The protein-rich byproduct from it – DDGS or distiller's dried grains with solubles – may be entirely exported without getting consumed as a GM feed ingredient within the country.

"US corn is cheaper and can be used to meet India's biofuel targets without disrupting local food and feed markets," the paper – authored by NITI Aayog member, Ramesh Chand, and senior adviser, Raka Saxena – has stated.

Soyabean industry's misgivings

The NITI Aayog paper has also called for exploring the option of importing soyabean, with the oil extracted from it being sold in the domestic market and the residual de-oiled cake or meal (which contains GM protein matter) exported to other countries.

SOPA's executive director, DN Pathak, counters this proposal. "Most of our solvent extraction plants are in the interiors (especially Madhya Pradesh and Maharashtra) where the crop is grown. It's not feasible for them to bring imported soyabean from the ports, process it and then take back the meal for exports. The freight cost economics will simply not work. And what will happen to the 7 million-odd farmers cultivating soyabean here?," he asks.

Indian processors crush 11-12 million tonnes (mt) of soyabean annually to produce 9-9.5 mt of meal. Out of that, 7-7.5 mt is domestically consumed as feed and food ingredient and the rest 2 mt or so exported. This is way below the 105-110 mt that China crushes every year. Much of that soyabean is imported to meet the feed requirement of its humungous swine herd and poultry flock: China is home to roughly half of the world's pig population and a fifth of its chickens.

"We don't have this kind of domestic market for soyabean meal. Also, if the GM meal cannot be sold within the country, the processing plants will have to be nearer to the ports for exports. The ones more likely to put up these are the international commodity trading giants such as AWL Agri Business (formerly Adani Wilmar), Archer Daniels Midland, Bunge, Cargill and Louis Dreyfus," explained Pathak.

SOPA has also voiced concern at the Centre's decision, on May 30, to slash the effective import tariff on crude soyabean, palm and sunflower oil from 27.5% to 16.5%. That will further squeeze the margins of domestic processors, "as they will have to compete with lower-priced imported oils, forcing them to operate below break-even capacity or shut down altogether".

Soyabean is now trading in MP and Maharashtra's mandis at Rs 4,300-4,350 per quintal, as against its official minimum support price of Rs 5,328. A surge in imports, whether of oil or seed, can lead to farmers switching acreage to other crops.

These worries may to come to the fore, as the ongoing trade talks between India and US edge closer to fruition.

Source: indianexpress.com– June 24, 2025

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India, UK likely to sign trade pact by July end; commerce secretary in London: Official

The process of legal scrubbing of the India-UK free trade agreement (FTA) text is progressing at a faster pace, and the pact is expected to be signed by the end of July, an official said on Tuesday.

To give an impetus to the process, Commerce Secretary Sunil Barthwal is in London with his official team.

Barthwal will meet UK Secretary of State for Business and Trade Jonathan Reynolds and other British senior officials during his two-day visit.

The two countries announced the conclusion of the negotiations on May 6. It will remove taxes on the export of labour-intensive products such as leather, footwear and clothing, while making imports of whisky and cars from Britain cheaper, in a bid to double trade between the two economies to USD 120 billion by 2030.

The world's fifth and sixth-largest economies concluded the deal after three years of on-off negotiations.

Once the FTA is signed, it will require approval from the British Parliament and India's Cabinet before it can take effect. The implementation is likely to take about a year after the signing.

"The agreement is likely to be signed by July end. India's legal team is also there in London for the legal scrubbing of the text. The pact's text would be put in public domain after signing," the official said, adding the commerce secretary's visit is important, as issues such as the implementation process of the pact would be discussed.

Commerce and Industry Minister Piyush Goyal was also in London earlier this month. He held discussions with Reynolds on issues related to the implementation of the FTA. Prime Minister Narendra Modi has invited UK Prime Minister Keir Starmer to India.

Source: economictimes.com– June 24, 2025

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Doubling India's labour productivity in the next decade: Why and how

Faster growth in labour productivity — output per worker or output per hour worked — is central to India's development ambition. While productivity growth ultimately depends on workers and businesses, governments also play an important role through their policies and actions.

Over the next decade, India needs to impart increased urgency to an internally consistent, mutually reinforcing set of measures that better integrates many existing initiatives. In a well-known quote, the Nobel-prize winning economist Paul Krugman observed, "Productivity isn't everything, but, in the long run, it's almost everything. A country's ability to improve its standard of living over time depends almost entirely on its ability to raise its output per worker." Rising labour productivity is the foundation of long-term improvements in real incomes, which are crucial for improving living standards and enhanced personal empowerment. These are the ultimate goals of Viksit Bharat.

Internal price structures differ across countries depending on their level of development, so output, income and productivity across countries are best measured using a common set of prices. The most recent update is for 2021. This is the familiar yardstick of purchasing power parity or PPP. The table shows that in 2020, an American worker was nine times more productive than an Indian worker, roughly equal to the gap in real per capita income between the two countries. China succeeded in doubling its real productivity in the decade before 2020. While India's past productivity performance has been respectable, we can, and must, now raise our ambition.

In a speech in July 2017, the late Stanley Fischer, then vice chair of the Board of Governors of the Federal Reserve System (and an inspiration to many generations of policy economists, including ourselves) provided a useful lens through which to understand productivity growth. First, capital investment — physical (such as machinery and transport); and intangible (such as software, design, and business knowledge retrieval systems) — can help to raise output per worker. Second, improved labour quality, achieved through education, vocational training, and experience, enhances workforce capability. Third, systematic innovation (often, though not always, linked to basic research) allows an existing pool of physical and human resources to generate more value. Examples are Henry Ford's assembly line in 1913, computer-aided design in the 1980s, and artificial intelligence today.

India's agenda for enhancing labour productivity must clearly be different from that of the US. The latter is an advanced country at the technological frontier. India is a fast-growing emerging market with a giant (and still growing) labour force and enormous regional diversity. While India and other emerging markets have their own difficulties, they also possess two important advantages over their advanced country peers in their productivity journey.

In emerging markets, there is considerable unsatisfied demand for manufactured goods. As incomes rise, demand for manufactured goods rises. The share of manufacturing in national output, in turn, should rise, increasing economy-wide productivity as workers in the manufacturing sector typically enjoy higher productivity than when employed in agriculture, provided they have the skills to make the transition. This is a formulation that is particularly relevant in a large, relatively closed economy. Our Asian peers (from Japan in the 1970s to China in the 2000s, and Vietnam and Bangladesh today) accelerated this process by exporting manufactures to the global market. India departs from this prototype in two important ways. Our transition out of agriculture (both in output and employment) has been relatively slow, while our export success has been in services, both offshore (body-shopping) and onshore (global capability centres).

Second, for countries with the relevant capabilities (and this certainly includes India), technological innovation by the advanced countries provides a pathway to higher labour productivity in both goods and services without the cost of local invention, even if some such innovation (e.g. robotics) is not wholly suited to the relative abundance of labour in our case.

While productivity growth ultimately depends on workers and businesses, governments also play an important role through their policies and actions. The country has already taken important steps. National initiatives like the Production-Linked Incentive (PLI) scheme, labour law reforms, Skill India, the National Education Policy 2020, Digital India, and PM Gati Shakti are reshaping India's workforce and enabling capital formation. Many states are also advancing complementary reforms — in skill development, agro-modernisation, industrial corridors, and services-led urban growth.

India can also learn from global experience. East Asia's industrial ascent highlights the importance of infrastructure and export orientation. Germany demonstrates how support to medium enterprises (the renowned Mittelstand) and vocational training reduce productivity gaps. Nordic countries show how inclusive labour market policies support broad participation in high-productivity sectors. The United States and Japan illustrate how investment in research, innovation ecosystems, and digital technologies — particularly for smaller firms — can generate sustained productivity gains.

Emerging technologies, particularly artificial intelligence and generative AI, offer a transformative opportunity. They can automate routine tasks, improve decision-making, and raise efficiency — especially in services. But to harness their full potential, India must invest in digital infrastructure, promote inclusive access, and scale up reskilling, especially for rural and informal workers.

NITI Aayog has a central role to play in this effort. By aligning national policy with state-level initiatives, supporting skill development institutions, empowering women and youth, and promoting innovation in aspirational districts, it is helping lay the foundation for long-term productivity growth. Ultimately, India's states — being the real laboratories of reform — must lead the way. Strong coordination between the Centre and states will be essential to achieving inclusive, resilient, and sustained growth on the path to a Viksit Bharat by 2047.

Growth matrix

Country	Real output[1]	Real per capita income[2]	Labour productivity[3] 2010	Labour productivity[3] 2020
USA	27.7	74,577	68.5	76.19
Russia	6.5	39,753	34.08	41.48
China	35.5	22,138	7.53	16.07
Brazil	4.5	19,018	19.7	23.12
South Africa	1	13,690	22.01	22.69
India	**14.8**	**9,160**	**5.81**	**8.37**

[1] GDP, current prices (Purchasing power parity; billions of international dollars), IMF
[2] GDP per person employed (constant 2021 PPP $) 2023, WDI World Bank
[3] Output per hour worked (GDP constant 2021 international $ at PPP), ILO

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

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May Indian econ activity growth slow; IIP growth likely 1.5-2.5%: ICRA

The year-on-year (YoY) growth in India's economic activity, as measured by the ICRA business activity monitor, slowed to 6.5 per cent in May this year from 7.8 per cent in April amid a deterioration across 10 of the 15 constituent indicators.

Additionally, the growth in core sector output decelerated in May, touching a nine-month low of 0.7 per cent, led by four of the eight sectors, including a sharp 5.8 per cent contraction in electricity generation amid excess rainfall in the month. This was slightly lower than the revised print of 1.0 per cent for April 2025.

Given these trends, the index of industrial production (IIP) is likely to have grown by a muted 1.5-2.5 per cent in May 2025, ICRA said in a release.

Source: fibre2fashion.com– June 22, 2025

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Tariff deadline looming large but contours of US-India interim trade deal still undecided

With just a fortnight to go for the 90-day pause period for the US reciprocal tariffs to end, India and the US are yet to firm up the contours of the proposed bilateral interim trade deal. Negotiations are still on to finalise the elements to be included, sources have said.

"The two sides are negotiating to finalise an interim trade pact by the July 9 deadline, but there is still no agreement on what it would include. The challenge is to find a package where both would think that they are taking something back," a source closely tracking the deal told businessline.

If an interim deal is not finalised by the deadline, full 26 per cent reciprocal tariffs may be imposed on Indian exports on July 9, as announced by US President Donald Trump .

"The list of items on the table is huge. One needs to see if it can be pruned to acceptable limits within the next two weeks. If needed, the US should also consider pushing the July 9 deadline," an industry source said.

The US wants increased market access for a whole spectrum of goods, including food and agricultural products, which is a politically and economically sensitive area for India and may be a red-line, the source pointed out.

Washington also wants other items in the interim deal such as government procurement, intellectual property rights, customs and digital trade including data flows.

For India, the foremost demand is to get a roll-back on the entire 26 per cent reciprocal tariff, including the 10 per cent baseline tariff already imposed.

It also wants a withdrawal of the 50 per cent tariff imposed on steel and aluminium products of all countries which is hurting Indian exports and also of the sweeping 25 per cent tariffs on autos and parts.

"Apart from dismantling of the punitive tariffs, India also wants a reduction in MFN (normal) tariffs for greater market access for labour intensive items such as textiles and leather. One doesn't know how much of it would get included in the interim deal," the industry source said.

The interim deal will be a part of the larger bilateral trade agreement which is to be finalised by the proposed timeline of Fall 2025, the first source explained.

"Everything is on the board in the ongoing negotiations. But that does not mean everything can be part of the interim deal. We hope in the next few days we gain clarity on its scope," the source added.

India's competing countries, including Vietnam, the Philippines, Indonesia and Bangladesh, all got slapped with tariffs higher than India but are also negotiating for a roll-back. The US is an important market for India as it is the country's largest trade partner and export destination.

Source: thehindubusinessline.com– June 24, 2025

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MSMEs need to cut emissions

In response to the need for sustainable growth, the government has officially set 2070 as the target year for achieving net-zero carbon emissions, which must be balanced with the country's demographic transition while achieving self-sufficiency in domestic production.

This optimisation function finds the Micro, Small, and Medium Enterprise (MSME) sector as a vital component, contributing 30 per cent to the total GDP, 35 per cent to manufacturing output, and 45 per cent to overall exports, while employing 20.39 crore in the last four years.

This, however, comes with various measurable and non-measurable costs since MSMEs rely on traditional labour-intensive methods, resulting in higher resource consumption, which is affecting their profitability and competitiveness.

Naturally, this constrains the adoption of energy conservation policies. This challenge is not unique to India. The SME Climate Survey 2024 has reported that 52 per cent of MSMEs worldwide have identified limited access to finance as the primary factor preventing them from taking climate action.

Energy consumption

India has over 6,000 MSME clusters. Per the Bureau of Energy Efficiency (BEE) estimates, there are about 180 energy-intensive MSME clusters, consuming approximately 40 per cent of the overall energy consumption by industrial MSMEs in 400 clusters.

The MSMEs in the steel re-rolling sector have an average specific energy consumption (SEC) that is 30 per cent higher than that of large-scale industries in the country; in glass and refractory industries, the SEC ranges from 3.8 GJ (gigajoule) per tonne to 7 GJ per tonne, whereas the international standard stands much lower at 3.27 GJ per tonne. I

n the paper industry, the SEC for Indian MSMEs is marginally higher at 0.251 TOE (tonne of oil equivalent) per tonne against international standards at 0.22 TOE per tonne. The emissions by MSMEs in the brick industry are 66-84 million tonnes of CO_2, which is roughly 2.5 per cent of total emissions in India.

Unsustainable emissions may present a major challenge to the long-term viability of the MSME sector. Given their significant contribution to exports, their operations are increasingly subject to scrutiny under global carbon standards, such as the European Union's Carbon Border Adjustment Mechanism (CBAM). As a result, compliance with sustainable production processes is becoming even more critical for ensuring continued access to international markets.

Globally, industries are increasingly being brought under the scope of energy efficiency and sustainable finance requirements through taxonomies, regulations, and capital markets.

These instruments rely on robust disclosure data and a well-established climate information infrastructure. Whereas in India, according to the Council on Energy, Environment and Water (CEEW), in 2019, only a small number of MSMEs conducted energy audits and reported their emissions.

The absence of market-linked emission policies for MSMEs removes any incentive or obligation to adopt sustainable practices or disclose emissions data. In contrast to SEBI's BRSR framework, which mandates the top 1,000 listed companies to report both direct and indirect emissions, MSMEs face no formal disclosure requirements. This challenge is worsened as 99 per cent of MSMEs are classified as 'micro' enterprises; these are largely informal and lack the technical capacity to measure or report their emissions.

With financial institutions increasingly insisting on adopting ESG norms and green lending practices, the absence of emissions disclosure by MSMEs can further hinder their access to capital, including traditional bank loans, ultimately impeding investments in better technologies and sustainable practices.

Under the existing framework, reporting can be advanced through two key channels. First, the BRSR framework can serve as an entry point by encouraging large corporations to disclose the emission intensity of their supply chains.

Since the framework already requires reporting on procurement from MSMEs under Principle 8, this provision can be expanded to include voluntary disclosures on the environmental impact of sourced inputs.

And second, this can be achieved through the government's Public Procurement Policy 2012 (amended in 2022), which mandates 25 per cent of government procurement from MSMEs, a figure that has increased to up to 40 per cent in recent years. Linking the procurement process to GHG emission disclosure can incentivise sustainable practices by the MSMEs. In both cases, the burden of compliance can be mitigated through targeted support from either the government or corporations, such as the provision of smart meters and CO2 monitors, enabling MSMEs to directly measure their Scope 1 emissions.

Since limited access to capital is a key barrier preventing MSMEs from advancing climate action, policies linking green initiatives with capital access and disclosure can be more effective. It is important to emphasise that the goal is to incentivise access to finance by encouraging sustainable practices rather than penalising non-compliance. For example, designing credit guarantee schemes linked to green initiatives or lower emissions can encourage MSMEs to strive towards lower emissions, reporting, and also access to capital. This will create a data repository for the banks to verify any possibility of greenwashing.

Leverage AI

Also, there is a need to leverage AI and create Digital Public Infrastructure, where dedicated simplified portals need to be developed, which can use the annual reports and financials of MSMEs to approximate emissions and the related cost of reduction — example, BIS led Project Viridis, where climate data is extracted from corporate disclosure documents using natural language processing techniques. Advancements and innovations in measurement, compliance, and maintenance databases are increasingly important, especially as governments move towards implementing carbon trading strategies.

The draft Climate Finance Taxonomy for India, currently open for public consultation, includes provisions for the MSME sector based on a proportionality approach. However, before applying thresholds and standards to assess their alignment with the taxonomy, it is essential to establish a robust GHG emissions database for MSMEs, something that the proposed approaches could help enable.

Source: thehindubusinessline.com– June 25, 2025

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HGH India looks to the future of home with July expo

Mumbai – The 17th edition of HGH India will open next week with a focus on forward-looking home trends and innovation.

The multi-category program encompasses the home textiles, home décor, furniture, housewares and gift categories and will take place from July 1-4 at the Bombay Exhibition Centre in Mumbai. Attendance is expected to run to around 45,000 visitors from 33 countries.

The July edition of the biannual trade show host from than 700 Indian and international brands from 32 countries, including 100 new exhibitors. In addition to Indian producers, the show will feature home furnishings suppliers the UK, USA, Italy, Ukraine, Turkey, Iran and South Korea.

Special features will include:

- HGH India's trend forecast for 2025-26 for the Indian home market, presented through a Trend Book and curated Trends Pavilion that covers evolving designs, colors, materials, and lifestyles.
- The Gen Next Retail Leaders Forum, which will feature 10 under-30 design voices who are shaping speciality home retail, modern trade, and interior thinking.

- The H-Circle Product Innovation Awards spotlighting innovative products that blend originality in design, functionality, and sustainability.
- The Indian Heritage Pavilion, which brings living craft traditions to the show floor.

"At a time when demand is shifting from price-first to design-led and value-conscious, HGH India remains a vital facilitator for India's home retail transformation—bridging the gap between general trade and modern retail, specialty home retailers, regional players and global brands, established leaders and emerging voices," said show organizer Texzone.

Source: hometextilestoday.com– June 24, 2025

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Israel-Iran ceasefire eases pressure on south India cotton yarn market

South Indian cotton yarn market eased from earlier concerns following the announcement of a ceasefire between Israel and Iran. The Indian textile industry had been worried about a potential decline in garment exports to the US and Europe due to the escalation of the Middle East conflict. However, traders are now anticipating improved demand for cotton yarn in the coming days. Cotton yarn prices remained stable in both Mumbai and Tiruppur markets.

The Tiruppur market has also calmed following the Israel-Iran ceasefire. Although demand for cotton yarn remained sluggish, optimism persisted for a recovery in the coming weeks.

A trader from Tiruppur told Fibre2Fashion, "Cotton yarn traders and spinning mills are expecting better demand, as the ceasefire has improved the outlook for garment orders from the US and Europe.

Earlier, the market was concerned about disruptions in international trade due to the conflict in the Middle East. Sellers are still under pressure to find potential buyers."

In Tiruppur, knitting cotton yarn prices were noted as 30 count combed cotton yarn at ₹255-263 (~$2.96-3.06) per kg (excluding GST), 34 count combed cotton yarn at ₹266-273 (~$3.09-3.17) per kg, 40 count combed cotton yarn at ₹278-291 (~$3.23-3.38) per kg, 30 count carded cotton yarn at ₹236-241 (~$2.74-2.80) per kg, 34 count carded cotton yarn at ₹241-246 (~$2.80-2.86) per kg and 40 count carded cotton yarn at ₹249-253 (~$2.89-2.94) per kg.

The Mumbai market was also buoyed by the recent geopolitical developments. Although cotton yarn prices remained steady, spinning mills are attempting to increase their rates.

According to trade sources, current demand for cotton yarn and fabric is subdued. However, if the ceasefire holds, international trade through the region could normalise, likely boosting market activity.

In Mumbai, 60 carded yarn of warp and weft varieties were traded at ₹1,380-1,430 (~$16.04-16.62) and ₹1,340-1,390 per 5 kg (~$15.58-$16.16) (excluding GST), respectively. Other prices include 60 combed warp at ₹315-321 (~$3.66-3.73) per kg, 80 carded weft at ₹1,385-1,450 (~$16.10-16.85) per 4.5 kg, 44/46 carded warp at ₹265-272 (~$3.08-3.16) per kg, 40/41 carded warp at ₹248-255 (~$2.88-2.96) per kg and 40/41 combed warp at ₹268-272 (~$3.12-3.16) per kg, according to trade sources.

Cotton prices have moved higher, as spinning mills are purchasing from private ginners and stockholders. The Cotton Corporation of India (CCI) is offering cotton at ₹1,000 per candy (356 kg) above market rates. Cotton prices have risen by ₹500–700 per candy over the past couple of days. However, many buyers still prefer privately held cotton due to lower prices and more flexible terms. That said, CCI remains a reliable source for supply through the remainder of the current season, ending on September 30. Cotton arrivals were estimated at 3,000–4,000 bales (170 kg each) in Gujarat and 16,000–27,000 bales nationwide. Traders and stockists are actively selling from their inventories.

The benchmark Shankar-6 cotton was quoted at ₹54,000–54,200 (~$627.69–630.01) per candy for prompt supply, and ₹54,700–55,000 (~$635.82–639.31) for stock cotton. Southern mills were bidding at ₹55,500–56,000 (~$645.12–650.94) per candy.

Source: fibre2fashion.com– June 24, 2025

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