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USD	EUR	GBP	JPY
85.84	100.57	116.60	0.58

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INTERNATIONAL NEWS

Trump Says Tariff Letters Will Trickle Out to Trade Partners This Week

President Donald Trump confirmed his intention to begin collecting tariffs on nations across the globe on Aug. 1 in a Tuesday Truth Social post, saying "No extensions will be granted" in the interim.

After sending out a dozen letters to countries like Japan, South Korea, Myanmar, Thailand, Bangladesh and Indonesia on Monday, Trump indicated that more letters would be sent throughout the week and "the next short period of time" informing trading partners of their new tariff rates.

"We will be releasing a minimum of 7 Countries having to do with trade, tomorrow morning, with an additional number of Countries being released in the afternoon," he Truthed on Tuesday afternoon.

Officials from Japan, who have been negotiating with the U.S. for some months without reaching an agreement, took issue with the president's strategy of slapping trade partners with tariffs instead of pushing for a joint resolution.

Japanese Prime Minister Shigeru Ishiba said it was "deeply regrettable" that the U.S. had decided to increase tariffs on goods from the country to 25 percent. Meanwhile, ruling Liberal Democratic Party policy chief Itsunori Onodera said Trump's manner of informing Japan of the change was "unacceptable."

"It's extremely rude to send only a letter to an allied nation. I strongly resent it," Onodera said, according to Japan Today.

The outlet reported that Japan's top trade negotiator, Ryosei Akazawa, discussed the matter on a 40-minute phone call with Commerce Secretary Howard Lutnick, expressing disappointment at the outcome. After the call, Akazawa told journalists, "I will devote myself to compiling a full package that can be sent to both countries' leaders by utilizing the roughly three extra weeks that I've got to the fullest." He reiterated that both countries have been negotiating "sincerely and faithfully" and "have built mutual confidence" in the trade relationship.

South Korea, by contrast, may face greater challenges when it comes to reaching an agreement with the U.S. by the Aug. 1 deadline, given that its new presidential administration, elected in May, is just finding its footing. According to a report from the Washington Post, the country's recently appointed national security advisor, Wi Sung-lac, met with Secretary of State Marco Rubio in Washington on Monday to discuss the possibility of a summit between American and Korean leadership.

Wi told the press that negotiations were "moving toward a very important phase" and said that both countries were trying to form their own judgments on the matter of bilateral trade.

Meanwhile, the president on Tuesday doubled down on rhetoric surrounding the Aug. 1 deadline, saying that the new date was not a "change" but a "clarification."

"August 1 they pay, and everybody has to pay, and the incentive is that they have the right to deal in the United States," the president said during a cabinet meeting with White House officials.

As for the deals themselves, Trump said, "We have a lot of them going out—but the deals are mostly my deal to them.... We're picking a number that's lower than, in most cases, lower than what they charged us." Trump emphasized the success of tariffs as a bargaining chip, saying that many nations are "willing to drop everything" to do business with the U.S., including "giving us total access to their countries."

"We have made some deals. We can make a lot more deals. It's just too time consuming," he added, referring to the ongoing negotiations and explaining his reasoning for disseminating letters rather than pressing for further discussions.

Breaking with his more recent comments about the non-negotiability of the Aug. 1 deadline, Trump also said, "We can do things over the years, too," referring to trade deals. "We're not hard line," he added, suggesting that there may be more wiggle room for countries seeking better trade terms than those being laid out this week.

Source: sourcingjournal.com– July 08, 2025

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Southeast Asia Reels as Trump's Tariffs Escalate Tensions

Southeast Asian governments have been jolted into crisis mode once again.

As U.S. President Donald Trump sent out a fresh round of tariff letters on Monday, trade anxieties have been reignited across the region. Political leaders and economists have responded with a mix of shock and determination—shock at how high the proposed tariffs remain, and determination to use the few weeks left before Trump's new deadline of Aug. 1 to secure better terms.

The July 2 agreement with Vietnam had injected cautious optimism into the region. That deal lowered tariffs on Vietnamese exports to 20 percent—down from a previously announced 46 percent—while setting a 40 percent tariff on transshipped goods. In exchange, the U.S. will gain zero-tariff access to Vietnamese markets.

Vietnam remains the region's largest apparel exporter to the U.S., sending roughly $18.6 billion worth of goods in 2024, according to the U.S. Census Bureau. Cambodia follows with $7.8 billion, then Indonesia at $6.4 billion, Thailand at $2.7 billion, and Malaysia at $1.6 billion.

At a press conference in Phnom Penh on Tuesday, Cambodian Deputy Prime Minister Sun Chanthol acknowledged that negotiations with the U.S. would continue. He highlighted one silver lining: the tariff had dropped from the 49 percent announced in April to 36 percent in Trump's latest letter. However, he pointed out that in some cases, such as Malaysia, tariffs had actually increased—from 24 percent to 25 percent.

The local business community in Phnom Penh responded with growing unease.

"Disappointed," Ken Loo, Secretary General of the Textile, Apparel, Footwear and Travel Goods Association of Cambodia (TAFTAC), told Sourcing Journal summing up his reaction to the 36 percent tariff.

But he quickly added, "There are still three weeks. The government will continue to negotiate with the U.S. and try to strike a deal."

President Trump's letters emphasized the need for reciprocal trade, echoing themes from his earlier administration. "Our relationship has been, unfortunately, far from reciprocal," Trump wrote in his letter to Cambodian Prime Minister Hun Manet dated July 7. "Starting on August 1, 2025, we will charge Cambodia a tariff of only 36% on any and all Cambodian products sent into the United States, separate from all sectoral tariffs. Goods transshipped to evade a higher tariff will be subject to the higher tariff."

Trump further stated that if Cambodia or its companies chose to build or manufacture products within the U.S., they would face no tariff at all. "We will do everything possible to get approvals quickly, professionally, and routinely—in other words, in a matter of weeks."

He also warned that if Cambodia increased its own tariffs on U.S. goods, the U.S. would respond by adding an equal percentage to the existing 36 percent. "These tariffs are necessary to correct the many years of Cambodia's tariff and non-tariff policies and trade barriers," he wrote, calling the trade deficit with Cambodia a threat to U.S. national security.

The letter concluded: "You will never be disappointed with the United States of America."

Cambodia, where the U.S. accounts for 39 percent of garment, footwear, and travel goods exports, is heavily reliant on preferential market access from both the U.S. and the European Union. A withdrawal of those benefits, analysts warn, could shake the very foundation of its export-driven economy.

Trade expert Massimiliano Tropeano pointed out that Cambodia's exclusion from any mention of transshipment provisions—as Vietnam was—is both confusing and potentially concerning. "Although it is not yet clear what will be considered 'transshipping' and what will not, Cambodia strangely enough did not have a similar clause," he said. "The 36 percent is quite high—almost at the same level as Vietnam's transshipment duty of 40 percent."

He added that it remains uncertain whether garments made with Chinese raw materials would be classified as transshipments. "Vietnamese factories will now have to demonstrate a 'substantial transformation.' This could increase orders to local mills using locally sourced fabrics, and perhaps a shift toward dyeing and finishing facilities in Cambodia too."

The past two months of tariff confusion have already battered Cambodia's garment sector. In 2024, Cambodia's garment industry posted $13.6 billion in exports, supporting approximately 918,000 formal jobs.

Manufacturers told Sourcing Journal that the uncertainty has disrupted planning, added costs, and forced brands to reconsider sourcing strategies—including possibly redirecting orders to competing countries.

A recent survey conducted by Better Factories Cambodia (BFC), the International Labour Organization (ILO), and the International Finance Corporation (IFC) underscored these anxieties. Nearly half of Cambodia's garment, footwear, and travel goods factories reported that they were uncertain they could maintain operations beyond the next three months due to tariff uncertainty and declining buyer confidence.

More than a quarter of factories said buyers were pushing for price reductions; 15 percent reported having few or no orders on hand.

The survey, which was conducted across 756 registered factories, revealed:

- 44 percent of factories could operate at current capacity for three more months at most
- 27 percent said buyers had requested lower prices for 2025 orders
- 15 percent reported minimal or no orders
- 65 percent still expressed cautious optimism

Factories exporting to the U.S. made up the bulk of respondents. Of those, 51 perent of their output was U.S.-bound. Factories exporting to the EU accounted for 31 percent of production. Other major markets included Japan, Canada, China, Australia, and the UK.

How long can factories sustain their business? Forty percent said they could sustain operations for one to three months; 8 percent said less than one month. With the sector already characterized by rapid turnaround times and flexible production schedules, even a slight decline in orders could trigger widespread layoffs and suspensions—reminiscent of the COVID-19 trade collapse, the survey found.

The survey also noted other issues, including labor shortages, which were compounding the problem, with rising competition from new provincial factories and worker relocation issues that have contributed to a high attrition rate and diminished efficiency. Other countries in the region have been reacting with a similar sense of shock.

Japan and South Korea face blanket 25 percent duties, while Myanmar and Laos were hit with 40 percent, and Indonesia with 32 percent.

Indonesia's government has moved quickly. Coordinating Minister for Economic Affairs Airlangga Hartarto is set to resume negotiations with U.S. trade envoys to reduce the 32 percent tariff. "There is a narrow window for diplomacy, and everyone is recalculating their leverage," said one Jakarta-based trade official.

Meanwhile, the tariff blow hit Thailand hard. The 36 percent figure was unchanged from April levels—despite Thailand submitting a new proposal to Washington on Sunday, pledging to cut its $46 billion trade surplus by 70 percent within five years. Commerce Minister Jatuporn Buruspat said that an additional review and other countermeasures would be considered, while preparing for renewed talks with the U.S.

The situation in Thailand has been complicated further by a changing political landscape: Prime minister Paetongtarn Shinawatra has been suspended by court order over alleged ethical misconduct related to a border dispute with Cambodia.

Malaysia's Ministry of Investment, Trade and Industry (MITI) said Tuesday it remained committed to ongoing engagement with the U.S. toward a "balanced, mutually beneficial, and comprehensive" trade agreement. Malaysia saw its proposed tariff increase slightly—from 24 to 25 percent.

Analysts say this is a make-or-break moment for Southeast Asian trade diplomacy. Each country must now perform a delicate balancing act: securing national interests without undermining regional solidarity or provoking harsher terms.

As each nation scrambles to adjust their numbers—and perhaps offer concessions or deeper market access—the urgency is palpable.

Source: sourcingjournal.com – July 08, 2025

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What Textile-to-Textile Recyclers Want From EU Legislation

As far as the T2T Alliance—T2T being short for textile-to-textile, as in recycling—is concerned, the European Union's ecodesign for sustainable products regulation has one massive flaw: it doesn't provide sufficient latitude for different kinds of textile waste.

It's the legislation's exclusion of post-industrial waste from recycled content targets that served as a "huge, huge, huge" reason for the industry association's formation, said Dolly Vellanki-Seijge, sourcing and public affairs manager at Circ, a Virginia-based firm that aligned itself with the likes of Circulose, Syre and Sanko's Re&Up Recycling Technologies after realizing they were dealing with the same issue. As the "defining textile policy of 2025," the ESPR is poised to introduce market-entry ecodesign requirements that mandate a marked boost in recycled textile fibers by 2028. This cannot happen by artificially restricting waste to the post-consumer kind, she added.

"Whether you're a policymaker or a brand or a recycler, we all want to see textile-to-textile recycling scale," Vellanki-Seijge said. "Post-industrial waste isn't a low-hanging fruit or just a fallback; it's a viable starting point for us to start building these circular textile-to-textile recycling supply chains. It'll be really difficult to scale if we narrow ourselves down to only one type of waste stream and if that waste stream is post-consumer."

That's because sourcing exclusively from post-consumer textiles waste as of 2028 is simply not feasible, the T2T Alliance wrote in its inaugural position paper on the forthcoming ESPR delegated act on textiles, meant to amend or supplement non-essential elements of the legislation. And with revisions of the waste framework directive continuing to be subject to delays, pushing back extended producer responsibility schemes to 2028 at the earliest, there won't be enough time to cue up the necessary collection, sorting and processing for recycling capacity, it said.

Other experts agree. Europe's sorting infrastructure is currently primed for reuse, with limited capacity or skill to sort for recycling. There's also the fact that the continent's used textile value chain is itself against the ropes because of the deluge of low-quality, low-value "fast" fashion amid increasing operational costs. This has left the sector, in the words of organizations like RREUSE and Zero Waste Europe, “on the brink of financial collapse.”

“Including post-industrial waste in recycled content definitions makes sense given current infrastructure realities,” said Priyanka Khanna, scaling director at Fashion for Good, a sustainable innovation platform headquartered in Amsterdam. “While post-consumer recycling systems are still developing globally, post-industrial waste provides an immediate source of materials for textile recycling technologies.”

Recyclers prefer post-industrial—or pre-consumer—feedstock because it’s easier to obtain large quantities of uniform material with predetermined fiber compositions. Post-consumer waste, with its more dubious provenance, on the other hand, is an iffier proposition, particularly since castoffs collected curbside can have higher levels of contamination from liquids or food waste that can render them unsuitable for recycling.

With separate collection systems for used textiles having gone into effect only in January, Vellanki-Seijge said that it will take time not only to socialize the concept but also to gain critical mass in terms of volumes that can be relied upon with some kind of predictable cadence. While critics of allowing the inclusion of post-industrial waste say that it could incentivize overproduction, the T2T Alliance believes it necessary to allow things to scale so that “they can be ready for us when we are open to welcome and accept these types of feedstock.”

“Regardless of how many changes you make in the design practices in optimizing your efficiency, you will always have post-industrial waste,” she added. “A lot of that post-industrial waste that is sitting in manufacturing regions has historically been directed towards mechanical recycling or downcycling. So what we’re offering is a solution for turning that into higher-value recycling so that it can go back into textiles.”

The T2T Alliance has other asks: “ambitious but realistic” and gradually increasing performance requirements for recycled content at the product level, for instance. The organization is suggesting 10 percent by 2028, 15 percent by 2030 and 30 percent by 2035. Right now, there isn’t a clear benchmark that it can “advocate for or go against,” Vellanki-Seijge said.

Phased targets for recycled content can also create the clear market signals required to drive investment in textile-to-textile recycling innovations, Khanna said. Her experience working with technology companies shows that "gradual, realistic requirements help brands plan their sourcing strategies while encouraging the investment needed to scale breakthrough recycling technologies." Khanna also echoed the T2T Alliance's call for chain-of-custody verification that can "ensure transparency and build industry trust" with robust tracking systems. A stronger mass balance approach is also needed, perhaps with the aid of emerging digital technologies, she said. While detractors of the practice say it allows companies to make recycled content claims without guaranteeing that the product contains actual recycled materials, proponents say it's necessary to scale sustainable practices.

"We know that in other industries, mass balance has been receiving a little bit of controversial opinion, especially in terms of the information that is given to the consumers," Vellanki-Seijge said. "But I think with the other delegated acts—with the digital product passport—we can provide more information to the consumers than what is simply on the label." That's where the information requirements that the T2T Alliance is urging comes in, too. Without "clear, traceable" data on the recycled content within products, validating claims and verifying compliance becomes tricky, paving the way for potential greenwashing, whether inadvertent or not.

"With the information requirement, you can make sure that the origin of where the recycling is happening is clear," she said. "We want to be able to point out if the material is coming from post-industrial or post-consumer sources. And we also want to make sure that what percentage of recycled material is actually in a product is also clear. But this needs to go hand in hand with the performance requirement first." As Circ's sourcing czar, Vellanki-Seijge has a personal stake in all this. The company will throw open the doors of its first commercial-scale plant in Saint Avold, France, in 2028. Its expected capacity? 70,000 metric tons of polycotton textiles—a small fraction of the overall market, to be sure, but a sizable amount for a somewhat nascent technology.

"So I'll need to source quite a big volume to be able to feed that facility," she said. "And if I only rely on post-consumer, I'm not going to meet the feedstock requirements that I have. So we also need to spread our risk and diversify in terms of where we're sourcing from. And at the end of the day, all waste streams need a solution, not just post-consumer."

Source: sourcingjournal.com– July 08, 2025

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US apparel firms tackle tariffs by front-loading inventories: S&P

The US apparel sector is grappling with the ongoing impact of import tariffs, prompting major retailers and manufacturers to adjust their earnings estimates and implement mitigation plans.

Despite the challenges, firms have become more optimistic than other consumer goods sectors, thanks to prior experience and established strategies, according to S&P Global.

Evidence shows an increase in front-loading of inventories, with US seaborne apparel imports rising by 14.5 per cent year-over-year (YoY) in April, before reversing in May.

In June, there was a significant 27.3 per cent surge in imports compared to May, as companies rushed to meet potential tariff hikes in July. Inventories for six large apparel importers increased to 71 days of sales, up from 64 days a year earlier, though this was consistent with 2023 levels.

Price hikes are being used cautiously by firms, due to concerns about the potential impact on consumer demand. Market intelligence forecasts predict a slowdown in consumer spending on apparel, with growth expected to decelerate to 1.5 per cent by Q1 2026, down from 3.1 per cent in Q2 2025.

To share the burden of tariffs, firms are negotiating with suppliers, which has led to a 4.1 per cent drop in import prices for apparel from China in May 2025 compared to February, authors Chris Rogers, Eric Oak, Ines Nastali, and Vania Alvarez Murakami said in a blog post on S&P Global's website.

Apparel firms are actively restructuring their sourcing strategies, with mainland China's share of US apparel imports falling to 21 per cent in the past 12 months, down from 33.8 per cent in 2017. ASEAN countries, particularly Vietnam, have gained significant market share.

However, strategic investments in reshoring remain on hold due to concerns about potential tariff 'snapbacks.'

While some firms have successfully reduced the cost impact by negotiating with suppliers, a reversal of the inventory build-up and a slowdown in demand could lead to a reduction in US imports of apparel and footwear.

Market intelligence projects a 6 per cent YoY decline in imports in Q2 2025, followed by a 27 per cent drop in Q3. However, imports are expected to rise by 10.8 per cent in Q1 2026, with South and Southeast Asia continuing to perform well as reshoring away from China progresses, it further added.

Source: fibre2fashion.com– July 09, 2025

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FDI disbursement in Vietnam hits 5-yr high in H1 2025

Foreign investment inflows into Vietnam were worth an estimated $21.51 billion in the first half (H1) this year—a 32.6-per cent increase year on year (YoY).

Of that, over $9.3 billion came from 1,988 newly-licensed foreign-invested projects.

Disbursed foreign investment reached a five-year high of $11.72 billion in H1 2025 in the country, according to the National Statistics Office (NSO).

Foreign investors poured additional investment capital of $8.95 billion into 826 existing projects in the six months, a domestic media outlet reported.

Foreign investors conducted 1,708 capital contribution and share purchase transactions worth over $3.28 billion during the period—up by 73.6 per cent YoY.

The manufacturing and processing sector attracted $12 billion during the six months, making up 55.6 per cent of the total registered capital and up by 3.9 per cent YoY.

Among 92 nations and territories investing in Vietnam, Singapore led with over $4.6 billion, making up 21.4 per cent of total foreign investment capital and down by 24.8 per cent YoY.

South Korea ranked second with more than $3 billion, accounting for nearly 14 per cent of the total and doubling last year's figure.

It was followed by China ($2.55 billion), Japan ($2.15 billion) and Malaysia ($1.59 billion).

Vietnam invested $487.1 million overseas during H1 2025.

Source: fibre2fashion.com– July 09, 2025

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Bangladesh: Textile millers delay release of imported cotton over 2pc AIT

Textile mill owners show reluctance to release their imported cotton from ports, raising concerns about potential container congestion, which could further disrupt operations at major ports, including Chattogram and Beanpole, according to industry insiders.

They also said the government has imposed a 2.0 per cent advance income tax (AIT) on the import of raw cotton, which would significantly impact their capital.

In light of this, none of the large mill owners is interested in releasing their basic raw materials.

To discuss the impacts of the newly-imposed AIT, Finance Adviser Dr Salehuddin Ahmed held a meeting with textile millers and apparel sector leaders at his office on Monday afternoon.

National Board of Revenue (NBR) Chairman Md Abdur Rahman Khan was present there along with Income Tax Policy Member AKM Badiul Alam.

During the meeting, the finance adviser asked the NBR chairman to find a solution considering the AIT's impact on the industry as the government aims to make an announcement as soon as possible, according to sources.

Md Nurul Islam, founder of Bangladesh's largest textile mill under Noman Group, told The Financial Express they are not releasing any cotton from the port.

He said they import huge quantities of cotton every month.

Noman Group's annual export amounts to over $1.0 billion.

Envoy Textiles Founder Chairman Kutubuddin Ahmed told The Financial Express he is worried about the new AIT.

He said he is unable to release his cotton shipments because of the AIT. He also said he is waiting for a move from the government in this regard that will bring relief.

Moreover, he said his business costs would shoot up if the AIT stays.

Md Badsha Mia, managing director of Badsha Textiles, told The Financial Express, "We have no scope to release cotton from the port by paying such high taxes, which will not be adjusted with the income tax at the end of the year." Echoing similar concerns, Saleudh Zaman Khan (Jitu), managing director of NZ Tex Group, said cotton imported by him is also stockpiled at the Chattogram port, but he is unable to release it.

"If the government allows us to release the raw materials under an undertaking, it will be a big relief for the industry. Otherwise, most of us will have to pay port demurrage charges after the expiration of the seven-day free facility."

Engineer Razeeb Haider, director of the Bangladesh Textile Mills Association (BTMA), warned that if the government delays making a decision, it could lead to potential container congestion, which might further disrupt port operations after a three-day backlog caused by the recent "complete shutdown" programme observed by NBR officials countrywide.

A top official of Square Denims said their commercial team is facing challenges in releasing cotton shipments as they encountered a 2 per cent AIT and a 1 per cent customs duty (CD) during the bill of entry submission. As a result, they are moving slowly with the release.

At the meeting, Saleudh said, "We have to pay the advance tax with loans. If the government does not remove the tax, none of us will be able to do business."

Showkat Aziz Russell, president of the BTMA, claimed Indian spinners are trying to dump their yarn in the Bangladeshi market by taking advantage of various incentives provided by their government to enhance competitiveness.

On the other hand, local spinners are under increasing pressure due to rising gas and electricity prices, higher interest rates, and the government's recent decision to raise the corporate tax from 15 per cent to 27.5 per cent, he explained.

Additionally, the newly-imposed 2 per cent AIT on cotton imports is further burdening the sector, said Russell.

He noted that while the government has provided an option to adjust the AIT, it involves a complicated bureaucratic process.

Despite this, the sector faces a combined tax burden of around 67 per cent due to source tax deductions - something it has no capacity to absorb, said the BTMA president.

"Considering the situation, we have observed that recent policy changes seem to favour Indian millers over local producers," he said.

"We have our own spinning and denim mills. Yet, our textile unit's general manager is unwilling to procure yarn from our own spinning mill because it would increase the total production cost," he added.

Russell urged the finance adviser to intervene by removing the AIT and reducing the corporate tax rate to 12 per cent - the same as the readymade garment sector, which is set to enjoy this rate until 2028.

Square Textiles Managing Director Tapan Chowdhury told the meeting India has highly incentivised its domestic backward linkage industry and this could be a threat to Bangladesh's readymade garment (RMG) industry.

"Apparel is a labour-intensive industry. As India has huge amounts of land, it can easily establish factories, create jobs, and take over Bangladesh's dominant position in the RMG sector," he said.

However, he is not as much worried about the pharmaceutical industry because it is technical. The NBR chairman told the meeting the tax structure was based on a misunderstanding.

"We thought traders were importing cotton and selling it to millers for profits," he said.

"Our assumption was that if someone imports cotton and makes a profit, he should be able to pay taxes. Based on that, we estimated that Tk 8,900 million would be collected from this item," he added.

Source: thefinancialexpress.com.bd– July 09, 2025

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NATIONAL NEWS

Trump hurries India, says trade deal is close

Keeping up pressure on India, US President Donald Trump has said once again that the US is very close to sealing a trade deal with the country even as he sent letters to fourteen trade partners specifying tariff rates to be imposed on them from August 1.

India can, however, take more time to wrangle a deal where its own offensive and defensive interests are met as it is clear that Trump's tariffs are now being pushed beyond July 9 by at least three weeks, to August 1. While on Monday evening (US time), the US President indicated that he may be open to negotiations beyond August 1, Tuesday morning he hardened his stand and said that no extensions will be granted after that.

"Now we've made a deal with United Kingdom. We've made a deal with China. We're close to making a deal with India. Others we met with and we don't think we're going to be able to make a deal. So we just send them a letter," Trump said on Monday talking to reporters at the White House.

Trump's letters, sent to countries including Japan, South Korea, Bangladesh, Myanmar, Laos, Thailand, Cambodia, Malaysia, Serbia, Tunisia, Kazakhstan and South Africa, spells out tariffs to be imposed on them from August 1. The new tariffs are mostly close to the reciprocal tariffs announced on April 2, that were initially paused till July 9. Reciprocal tariffs of 26 per cent announced on Indian goods were also paused till July 9, except a 10 per cent baseline tariff imposed on all goods from most countries.

Trump's stated intention behind the proposed tariffs and the trade pacts that he is trying to get into with partner countries is to bring down America's trade deficit.

Trump, on Monday, indicated that the US may be even open for negotiations beyond August 1 in response to a question on whether it was a hard deadline. "I would say firm, but not 100 per cent firm. If they call up and they say we'd like to do something a different way, we're going to be open to that," he said.

But then he changed his mind. “As per letters sent to various countries yesterday, in addition to letters that will be sent today, tomorrow, and the next short period of time, tariffs will start being paid on August 1...No extensions will be granted,” Trump posted on social media platform on Tuesday morning.

The Indian negotiators spent about a week’s time recently in Washington DC trying to work out an interim trade deal, but they failed to clinch it due to continued disagreements with the US over some issues, including protecting India’s sensitivities in agriculture and dairy.

India also wants preferential market access in the areas of its interest, such as labour intensive products, that would give it an edge over competitors.

“...India discusses on its own terms and we never make a trade deal based on a timeline. When the deal is good, fully matured, and in the national interest, then we accept it, “ Commerce Minister Piyush Goyal told the media on Friday (July 4) when asked about the fate of the trade deal with the United States and the July 9 deadline.

Source: thehindubusinessline.com – July 08, 2025

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What is the status of Trump's reciprocal tariffs and their shifting deadlines

What are US reciprocal tariffs and why do they matter?

On April 2, US President Donald Trump announced reciprocal tariffs on most countries with which the US had a trade deficit. He said these tariffs were in response to the tariff and non-tariff barriers imposed on American products.

These import tariffs, largely linked to the level of America's trade deficit with a particular country, ranged between 10 per cent and 50 per cent. India got a 26 per cent tariff announced on its goods. These tariffs were envisaged over and above the regular US import levies (MFN tariffs), increasing costs.

So, for instance, if the US import tariff on a particular garment is 5 per cent, the reciprocal tariff would be added to it making the end product more expensive.

What happened to the reciprocal tariffs after they were announced and why is July 9 significant?

The full reciprocal tariffs were to come into force on April 9. However, on the day of the tariff imposition, Trump announced a 90-day pause on it till July 9, blaming "yippie" critics and a "queasy" bond market for shifting of the deadline. A 10 per cent baseline levy was however imposed on all US imports.

Trump said that if countries managed to negotiate trade deals with the US in the 90-day period, they would be spared the reciprocal tariffs on July 9.

How was India affected by the reciprocal tariffs?

Trump announced a 26 per cent reciprocal tariff on all Indian exports to the US. Of this, a 10 per cent baseline tariff was imposed in April, while the remaining 16 per cent got suspended till July 9.

Indian exporters were greatly rattled by the 10 per cent baseline as they faced the problem of sharing the burden of increased tariffs with the importers and buyers. There was also uncertainty about what would happen after the tariff pause ended.

What did India do to handle the reciprocal tariffs?

India was already discussing a bilateral trade agreement with the US before the April 2 announcement of reciprocal tariffs. When the tariffs were announced and then paused till July 9, India set out to strike an interim deal with the US within the time-frame to avoid reimposition of the levies.

Negotiations went on between the two sides for the past few months, but US demands in sensitive areas such as agriculture and dairy were amongst the reasons why a pact was difficult to seal.

Did the US manage to get trade deals with other countries?

The US has had not much success with trade deals in the tariff pause period. It struck a limited deal with the UK and another one with Vietnam, the finer details of which are yet to be thrashed out.

While Trump has claimed that the US has a deal with China as well, it is only a framework with not many details. It is also in talks with the EU, and there is optimism on the US side on a possible deal with both the EU and India.

With the 90-day pause period on the reciprocal tariffs about to end on July 9, what is the status of the levies?

On Monday, Trump sent out letters to 14 countries with which the US is not engaged in trade talks at the moment specifying the tariffs they would now face in the absence of a deal. The new tariffs are more or less similar to the reciprocal tariffs announced earlier. In a few cases, they are somewhat lower.

Interestingly, the tariffs are to be imposed from August 1 and not July 9. So, effectively, the tariff deadline has been postponed. Importantly, in his letters, Trump indicated that he was open to negotiations and adjust the tariffs mentioned in case the countries' wished to open their "heretofore closed trading markets" to the US.

So, is August 1 the new tariff deadline now?

The US has already postponed imposition of tariffs to August 1 for some countries with which no deals are in the immediate offing. These countries include Japan, South Korea, Bangladesh, Myanmar, Laos, Thailand, Cambodia, Malaysia, Kazakhstan, Serbia, Tunisia and South Africa.

The new deadline is clearly mentioned in their tariff letters. It can be logically concluded that those countries that have not yet got the letters, as Trump still hopes to strike deals with them, will not get tariffs slapped on them on July 9 in case the deal is not struck. They will at least have time till August 1, like the others, before tariffs are imposed. So yes, one might conclude that August 1 is the new tariff deadline.

What is the status of India's engagement with the US on the tariffs?

Trump said on Monday that he still hopes to get a deal with India very soon. India already made significant offers to the US, in line with the free trade agreements with other countries.

But it wants its sensitivities, including in agriculture and dairy, to be protected. It also wants preferential market access in the areas of its interest, such as labour intensive products, that would give it an edge over competitors. US has to keep these in mind.

What happens to India in the absence of a deal by July 9?

It seems likely that in the absence of a deal by July 9, India will be treated the same as the other countries that don't have a deal and have got tariff letters instead. Most of them have got new tariffs in line with the reciprocal tariffs of April 2 while for a couple the new tariffs are lower.

India too may be assigned its share of tariffs, which could be aligned to the 26 per cent reciprocal tariffs announced in April. And like the other countries, the new date for imposition of the tariffs would be August 1. So, it would get time at lease till then to negotiate more on the trade deal.

Source: thehindubusinessline.com– July 08, 2025

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CBIC may free up importers' IGST credits to address payment issues

In a bid to facilitate importers who may have underpaid Integrated Goods and Services Tax (IGST) dues, the Central Board of Indirect Taxes and Customs (CBIC) is likely to issue a standard operating procedure (SOP) to enable them to claim input tax credit (ITC) on IGST payments made to rectify shortfalls flagged after Customs clearance.

This new protocol for GST field formations could potentially unlock several hundreds of crores worth of input tax credits of importers that are currently stuck, straining their working capital flows, two government officials aware of the development told Business Standard.

Short payments of IGST on imports are usually discovered during internal audits or regulatory checks, and tend to arise due to valuation differences, classification errors, or other discrepancies. To settle the remaining amount of the originally owed IGST, importers have to pay the shortfall through a TR-6 challan, a manual government receipt used for such payments.

While the IGST originally paid at the time of import is recorded in the Bill of Entry and is eligible for ITC, the portion paid later through TR-6 challans often does not get linked back to the Bill of Entry. Under existing GST rules, this disconnect prevents businesses from claiming ITC on the remaining tax they've subsequently paid, even though it was part of their original import liability.

"Earlier, the Application Programming Interface (API) — the digital link between the Customs department's ICEGATE system and the GST Network (GSTN) — wasn't working for these post-clearance payments. So details from TR-6 challans couldn't flow into GSTN to update the Bill of Entry," an official said. "This meant importers were unable to claim input tax credit on the remaining IGST they paid."

"The government is integrating the Customs and GST systems so that TR-6 data can automatically be updated in Bills of Entry, facilitating revisions and ITC claims," the second official said. "This will align India's processes with global tax regimes where similar documents are accepted for credit claims."

To support the changes, the government plans to launch an online platform soon where taxpayers can file voluntary declarations, pay differential duties and interest, and seek refunds electronically. “With global supply chains growing increasingly complex, errors in customs declarations often emerge during internal audits, especially at the end of the financial year. Until now, fixing these errors has involved a cumbersome manual process, leading to disputes and delays,” a senior official said. The move comes alongside efforts to operationalise a Budget announcement to create a legal framework for voluntary post-clearance corrections. The new provision allows importers and exporters to declare errors in customs filings and pay any short-paid duties with interest, while enabling excess payments to be refunded under existing laws.

“Businesses face a lot of trouble claiming ITC for IGST paid after goods are cleared, because changing the Bill of Entry takes too much time and paperwork,” said Vivek Jalan, partner, Tax Connect Advisory Services.

“This requirement creates significant challenges, particularly in cases involving DRI investigations or payments due to transfer pricing adjustments, where reassessment is often impractical or infeasible... A simplified mechanism to integrate TR-6 payments with BoEs in the GSTN system is recommended to ensure seamless ITC availment,” said Suresh Nair, indirect tax partner at EY.

Post-facto correction

Importers often end up paying lower IGST on imports; largely due to classification errors or valuation differences

At present, documents integrated with the GSTN — like Bill of Entry — are valid for claiming input tax credit

Importers cannot claim ITC on tax dues paid to rectify shortfalls through TR-6 challans

CBIC to issue an SOP to link TR-6 data to bills of entry, enabling automatic updates and ITC claims

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

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Trump says US 'very close' to a trade deal with India

India is hoping for a marginal to significant advantage in exports of apparel, rubber, footwear, processed foods and meat products to the US, as its competitors could face relatively higher tariffs from August 1. However, the actual gains will depend on how the US tariff structure evolves over the next few weeks.

While the countries which got fresh tariff notices from the Trump administration on Monday still have room for negotiations, the actual tariff incidence on India will be known only after the interim India-US bilateral trade agreement (BTA).

President Donald Trump on Monday announced fresh tariffs on 14 countries, including Japan and South Korea. For countries with which India is competing in these labour-intensive product categories, extra tariffs of up to 36% have been announced.

On Bangladesh's exports to the US, a 35% duty is proposed over amnd above the current levels, while for Thailand and Cambodia the extra duties proposed are 36%. For Indonesia, the extra tariff is 32%, and Vietnam, which sealed a trade deal with the US recently, the tariff is lower at 20%. India currently faces only a baseline tariff of 10%, besides the duties that existed earlier.

According to industry estimates, US tariffs on apparel from India, Cambodia, and Bangladesh previously ranged between 10–15% across categories. Under the new tariff regime, Bangladesh's apparel exports could face aggregate duties of up to 50%, while Cambodia may see the tariffs rise to as high as 35%. In contrast, India is expected to face a total tariff (those existed earlier plus new baseline tariff) of around 25% or even lower, once the BTA comes into force. India is seeking to avoid the 26% reciprocal tariff.

Shares of major Indian textile companies rallied up to 17.1% intra-day on Monday following the announcement of a 35% tariff on goods imported by the US from Bangladesh. However, some of these companies pared their earlier gains by the close of the trading session. The top gainers included Alok Industries, Vardhman Textiles, Indo Count Industries, Trident, and KPR Mill.

The elevated duties on Thailand can lead to gains for Indian exporters of rubber and articles. Thailand is the top exporter of these products to the US with a share of 15.16% of US imports, while India is at fourth spot with 2.93% share. India exported $ 1.06 billion worth of these articles to the US in 2024, according to GTRI, a trade research outfit. The higher tariffs on Indonesia might give advantage to India in processed meat and fish products and footwear exports, it added.

Bangladesh is the third biggest exporter of apparel (except knitted or crocheted) to the US with a market share of 13.15% in calendar year 2024. India's exports to the US in this category was $ 2.5 billion but it is not among the top three, according to an analysis by GTRI. In apparel knitted and crocheted Vietnam with a share of 17.99% of US imports and Cambodia with 5.99% are ahead of India whose share is 5.09% and shipments in value terms stood at $ 2.41 billion in 2024.

"India faces stiff competition from Bangladesh and Vietnam in the US garment market. In natural garments, an area of traditional Indian strength, the cost disadvantage is relatively small. However, in synthetic garments, the gap is significant. With tariff levels proposed now, India would be competitive against Bangladesh only in natural garments," secretary general of Apparel Export Promotion Council (AEPC) Mithileshwar Thakur said.

However, a reduction in the reciprocal tariff under the upcoming BTA with the US to around 15% (from 26% proposed) could significantly improve India's competitiveness across both natural and synthetic garment categories, he added. "This will create immense export opportunities for India, given the Indian apparel industry's strong partnerships with American retailers and brands."

Industry sources, however, noted that a marginal difference, say 3-4%, between tariffs faced by the two countries, may not benefit Indian garment exporters. Bangladesh will still be competitive with such narrow tariff differential.

Significantly, Bangladesh is set to graduate from the group of Least Developed Countries (LDCs) in 2026, a move that could end its preferential trade access to the European Union. This shift may raise the average tariff on Bangladeshi apparel exports to the EU from 0% to around 12%. In 2024, the EU imported apparel worth $92.56 billion, with China holding a 28% share and Bangladesh 21%. The loss of LDC status will narrow Bangladesh's trade advantage and bring it on par with India, which currently faces a 12% duty on apparel exports to the EU.

The elevated duties imposed by the US on Thailand can lead to gains in exports of rubber and articles. Thailand is the top exporter of rubber and its articles to the US with a share of 15.16% while India is at fourth spot with 2.93% share of US imports. India exported $ 1.06 billion worth of these articles to the US in 2024, according to GTRI. The higher tariffs on Indonesia gives advantage in processed meat and fish products and footwear exports.

To be sure, Trump's 35% tariff on all imports from Bangladesh is a marginal reduction from the initial 37% announced in April. Additionally, Trump announced that he was open to negotiation until August 1, the date the tariffs will be implemented.

Several textile companies are bullish on the potential gains for India after the new tariff levels come into effect, Ronak Chiripal, Promoter of Chiripal Group, said, "Brands in key markets like the US and UK are actively looking to diversify away from traditional suppliers such as China and Bangladesh. The Indian textile sector, with its scale, compliance, and evolving product capabilities is well-positioned to fill this gap."

The US is one of Bangladesh's largest export market for garments, contributing a fifth of its total exports of these items in 2024, with shipments of $7.34 billion. As much as 28.5% of India's 2024 textile and apparel exports were accounted for by the US, amounting to $10.5 billion.

Currently, Bangladesh holds a 9% share in the US's readymade garment market while India holds 6%. As a "mini-deal" between the US and India is awaited within the next 24 to 48 hours, other textile companies have maintained a wait-and-watch stance.

KM Subramanian, President of the Tiruppur Exporters' Association, said factories at India's largest knitwear garment hub are running at over 90% capacity, buoyed by the India–UK free trade agreement and a shift in global orders amid political and tariff uncertainties in Bangladesh and China. "Tiruppur exports the complete range of knitwear garments. Last year, we exported knitwear worth around Rs 45,000 crore, and we're scaling up capacity to reach Rs 1 lakh crore in exports by 2030," he said. The U.S. accounts for 35% of Tiruppur's total knitwear garment exports, including men's T-shirts and polos, and women's leggings, tops, and loungewear, he added.

Sammir Dattani, Executive Director at Sanathan Textiles, said the tariff differential has placed Indian yarn manufacturers at an advantage. The Mumbai-based company is a polyester yarn manufacturer, is also a global supplier of cotton yarns, polyester yarns, and yarns used in technical textiles. "Apparel categories such as active-wear, sportswear, and "athleisure" are major contributors to exports to the U.S. and stand to benefit significantly from the revised tariff structure," Dattani said.

Prabhu D, convenor of the Coimbatore-based Indian Texpreneurs Federation (ITF) said the situation remains fluid. Even prior to these tariff hikes, India had emerged as one of the fastest-growing apparel exporters to the US in the last three years, he noted. Cambodia was the biggest beneficiary, with apparel exports to the US growing at a CAGR of 3.9%, followed closely by India at 3.8%, albeit from a lower base. In comparison, Vietnam and Bangladesh saw slower growth at 1.4% and 1%, respectively.

Source: economictimes.com– July 08, 2025

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India-US tariff talks put cotton trade in the spotlight

There is a lot riding on India striking a deal with the US over tariffs in the next few days—and not least in terms of cotton.

Yesterday (July 7), the first new US tariffs were announced—which include 40 per cent for Myanmar and Laos, 36 per cent for Cambodia and Thailand, 35 per cent for Bangladesh, and 25 per cent for Japan, Malaysia, South Korea and Tunisia.

Over the last few weeks, India's negotiators have been hard at work to finalise a deal, with cotton an important component of trade for both countries—India as the leading cotton producer and the USA as the fibre's leading exporter.

Cotton is central

India is the world's largest cotton producer by volume, harvesting around 5.5-6 million metric tons annually, and unlike the US, consumes a large portion of its cotton domestically due to its extensive textile and apparel industry, which is a cornerstone of the country's economy.

India is also a significant exporter of raw cotton, yarns and textiles to key garment manufacturing countries including Bangladesh, China and Vietnam.

The United States is meanwhile the world's largest cotton exporter, producing around 4-5 million metric tons annually. Its highly mechanised and efficient farming practices allow it to maintain consistent quality and supply, with major export markets also including Bangladesh, China and Vietnam, as well as Türkiye. Over 80 per cent of US cotton is exported, driven by strong demand from Asia's textile manufacturing hubs.

Complementary and competitive

Trade relations between India and the US in respect of cotton have so far been both complementary and competitive. While the US exports raw cotton to India—especially when domestic production in India falls short or prices are favourable—India exports value-added cotton products such as yarn, fabrics and garments to the US as a major consumer market.

In recent years, geopolitical shifts, climate variability, and changes in trade policies—especially tariffs and subsidies—have influenced cotton trade flows.

With the US now threatening a ‘reciprocal’ tariff rate rise to 26 per cent from the current 10 per cent on Indian products exported to the US, agriculture is reported to be proving a sticking point in negotiations.

India-US farm trade remains modest at around $8 billion annually, with India exporting rice, shrimp and spices, and the US nuts, apples and lentils.

As trade talks progress, however, Washington is looking to achieve bigger exports from its farms to India, including maize, soya bean and corn, as well as cotton, to help narrow its $45 billion trade deficit with India.

Meanwhile, last week President Trump signed ‘One Big Beautiful Bill’ (OBBB), after the sweeping legislation was passed by the Congress and the Senate earlier. The bill includes protections for two million US family farms by ending so-called ‘double taxation’, and has received praise from several key industry groups. The US National Cotton Council (NCC) applauded its passage, highlighting the importance of the bill’s agricultural provisions in supporting US cotton producers and the broader farming community.

“This legislation represents a significant step forward for cotton producers, the cotton supply chain and the broader agricultural community, providing vital support to help us continue to provide the world with the highest quality fibre while navigating ongoing challenges,” said NCC chairman Patrick Johnson.

Experts believe tariff concessions could now pressure India to weaken its minimum support prices (MSP) and public procurement—key protections that shield farmers from price crashes by guaranteeing fair prices and stable crop purchases.

Cotton is politically and economically sensitive in India, since agriculture impacts over 700 million people in the country’s rural economy. There are also other sticking points, such as auto components and tariffs on Indian steel, but negotiators remain optimistic that a mutually beneficial deal can still be achieved.

"There are two real challenges to concluding an initial agreement," Richard Rossow, who tracks India's economy at Washington's Center for Strategic and International Studies, told the BBC. "First on the list is US access to the Indian market for basic agriculture products.

India will need to protect its basic agriculture sector for economic and political reasons. For years, Washington has pushed for greater access to India's farm sector, seeing it as a major untapped market, but India has fiercely protected it, citing food security, livelihoods and the interests of millions of small farmers."

Source: thehindu.com– July 07, 2025

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India and Brazil set to sign key agreements to boost bilateral trade

India and Brazil, both wary of the tariffs that US President Donald Trump has threatened to impose, and looking beyond America for markets for their respective produce, are set to sign almost half a dozen agreements aimed at increasing their bilateral trade during Prime Minister Narendra Modi's meeting with Brazilian President Luiz Inacio Lula da Silva. At the time of writing of this report, the meeting was ongoing.

India's trade with Brazil is the largest compared to its trade with any other country in Latin America. However, it is far below Brazil's trade with China, the US, Argentina, and Germany. India-Brazil bilateral trade had reached $16.6 billion in 2022-23, and following the drop in oil and gas prices, it is now around $12.2 billion.

India enjoys a trade surplus as it exports goods worth $6.7 billion to Brazil and imports goods worth $5.4 billion. Modi and Lula set a bilateral trade target of $20 billion during their last meeting in November 2024. Brazil is looking to diversify exports to India beyond sugar and crude oil that dominate current sales. Earlier this year, Brazil's Embraer SA, the world's third-largest aircraft manufacturer, set up a subsidiary in India. Brazil is also looking at finding a market in India for its agricultural and dairy products.

At a recent event, Lula observed that he only recently discovered that Modi, a devout Hindu, didn't eat meat. Brazil is the world's topmost beef exporter. "Our trade relationship is just $12 billion, it's nothing," Lula said. "So please, arrange a box of cheese. I want it on the table, so he (Modi) never complains about Brazilian food and, who knows, maybe he'll start buying Brazilian cheese," Lula added.

Hours before he met the Indian PM in Brasilia for a bilateral meeting on Tuesday evening (India time), Lula joined his South African counterpart Cyril Ramaphosa in criticising Trump for his threat to slap extra tariffs against Brics member countries. On the final day of the two-day Brics Summit, which Brazil had hosted, Lula said the US President was "irresponsible for threatening tariffs on social media". He also called on world leaders to find ways to reduce international trade's reliance on the dollar.

Earlier, South African President Ramaphosa was the first among the Brics leaders to criticise Trump for his comments where the US President had warned Brics members of 10 per cent additional tariffs for adopting policies he said were “anti-American”.

In their Rio de Janeiro declaration, Brics members expressed “serious concerns” over tariffs, slammed soaring defence spending, and condemned airstrikes on Brics member Iran, but the group did not mention the US by name.

The grouping also tasked its finance ministers and central bank governors to continue the discussion on the Brics Cross-Border Payments Initiative, and appreciated the progress made by the Brics Payment Task Force (BPTF) in identifying possible pathways to support the continuation of discussions on the potential for greater interoperability of Brics payment systems. The effort has been to reduce the dominance of the US dollar in international trade.

Brazil is also keen to increase its sesame exports to India, which have grown significantly since the Indian market opened to Brazil in 2020. It is also eyeing expanded ethanol exports. In Brasilia, the two countries are expected to ink deals on renewable energy, counter-terrorism, and cooperation on agricultural research, and agree on a framework to protect confidential information.

India is looking at increasing its cooperation with Brazil in oil & gas, mining and critical minerals, defence and security. The two leaders are expected to discuss ways to strengthen and diversify bilateral trade, including through expansion of the India-MERCOSUR Preferential Trade Agreement as Brazil is holding the chairship of MERCOSUR from July 1, 2025. MERCOSUR stands for Mercado Común del Sur, which translates to Southern Common Market. It's a South American regional trade bloc and economic integration initiative.

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

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Trump's MASALA playbook: India faces tough choices in trade deals

Over the past few days, India's government and industry watched anxiously as the July 9 deadline for tariff relief from the United States (US) approached.

Many expected a last-minute India–US trade deal, but none was announced. Instead, Washington extended the reprieve to July 31 — buying time but increasing pressure on countries to sign deals on US terms.

What the US is offering are not normal trade deals but Masala deals — Mutually Agreed Settlements Achieved through Leveraged Arm-twisting. These one-sided agreements offer tariff relief only if countries agree to guaranteed US exports and politically useful wins for President Donald Trump, with little regard for fairness or reciprocity.

Liberation Day tariffs

The story began on April 2, when President Trump stunned the world by announcing new country-specific tariffs on 57 nations — 26 per cent on Indian goods, 20 per cent on European Union (EU) exports, and up to 54 per cent on others. The fallout was immediate: China and Japan offloaded a combined $1 trillion in US Treasury bonds, shaking global markets and Wall Street alike.

Responding to the blowback, the White House softened its stance on April 9, imposing a 90-day pause and a uniform 10 per cent tariff on most imports, excluding China. This pause was presented as a "window" for countries to negotiate fast-track bilateral deals with the US.

Only two deals by deadline

Despite intense pressure from Washington, only two countries signed deals with the US by the July 8 deadline: Vietnam and the United Kingdom. Initially facing a 46 per cent tariff, Vietnam negotiated a deal under which US goods enter Vietnam duty-free, while Vietnamese exports still face a 20 per cent tariff in the US. The UK offered deep tariff cuts on 2,500 US products — yet it secured minimal reciprocal benefits.

A dismayed Mr Trump was forced to extend the tariff pause until July 31 to get more countries to sign deals. On July 7, he signed personal warning letters to 14 countries. Japan, South Korea, Malaysia, Kazakhstan, and Tunisia were told to expect 25 per cent tariffs from August 1 unless a deal was concluded. Bosnia, South Africa, and others were assigned 30–40 per cent duties. More such "final warnings" are expected this week.

But the US also drew a red line: No retaliation allowed. Countries that raise their tariffs in response risk facing even steeper US duties.

Why are countries resisting?

The US was negotiating with over 20 countries. So why have only two signed on? Because these aren't genuine trade agreements — they are classic Masala deals. These involve guaranteed purchases of US products and structural concessions by partners, in return for temporary tariff relief. There's no reciprocity.

Japan and South Korea, for example, have formal free-trade agreements (FTAs) with the US (in force since 2020 and 2012, respectively), eliminating tariffs on over 90 per cent of US goods. Yet both now face new 25 per cent tariffs simply for running trade surpluses. Mr Trump isn't seeking market access — he's demanding guaranteed meat, gas, aircraft, and more purchases.

Australia is an even stranger case. Despite granting duty-free access to 99 per cent of US goods under the 2005 FTA and running a $17.9 billion trade deficit with the US, Canberra is being pressed to buy more US beef and other goods. In Washington's calculus, trade balances, FTAs, and past concessions no longer matter.

India is at a pivotal juncture

Although there's no official word yet, India has made its offer, responded to US demands, and set its red lines. Any US response — or deal announcement—could come suddenly, possibly through a late-night Trump post on Truth Social. India may prefer a joint statement, but that depends on Mr Trump's mood.

The contours of the prospective deal are revealing. India is reportedly willing to cut tariffs on automobiles and other industrial products and allow limited ethanol, almonds, apples, and wine imports. It may also agree to regulatory reforms. In return, the US won't reduce most-favoured nation tariffs — only the special "Liberation Day" duties. Even after cuts, Indian exports will likely face a 10–15 per cent surcharge over US baseline tariffs.

Even after deal, peace is no guarantee

For example, after the recent Brics Summit in Rio — where members criticised US trade unilateralism and discussed launching a common currency — Mr Trump threatened a fresh 10 per cent tariff on all Brics members for pursuing "anti-American" policies.

Global trade flows getting affected

In May 2025, China's overall exports rose 4.6 per cent year-on-year, but its exports to the US crashed by 34.5 per cent — a clear sign of rising tensions. To offset the loss, China has shifted focus to other markets: Exports to the EU rose 12 per cent, to Asean by 15 per cent, and to India by 12.4 per cent. This redirection raises concerns of dumping and unfair competition in third-country markets, showing how US tariffs are reshaping trade in disruptive ways.

Time for strategic patience

Unlike Vietnam, where exports comprise 93.8 per cent of gross domestic product, India's figure is just 21.9 per cent. That gives New Delhi more room to breathe.

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

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South Indian cotton yarn prices steady amid US tariff uncertainty

South India cotton yarn market remained stable amid average trade. Uncertainty with regards to the US tariffs persist even as President Donald Trump has announced that certain tariff rates, which were initially set to expire on July 9, will expire on August 1, 2025.

The Tiruppur market witnessed average demand for cotton yarn, with prices hovering at previous levels. Buyers are hesitant to make purchases due to the unclear market direction. Although higher cotton prices could be considered a positive factor, they have not been sufficient to support yarn prices. A trader from the Tiruppur market told Fibre2Fashion, “Buyers remained muted in terms of fresh buying. The market was directionless despite recent gains in cotton prices. Costlier cotton and weak demand from the downstream industry have made this a challenging phase for spinning mills.”

In Tiruppur, knitting cotton yarn prices were noted as 30 count combed cotton yarn at ₹255-263 (~$2.99-3.08) per kg (excluding GST), 34 count combed cotton yarn at ₹266-273 (~$3.12-3.20) per kg, 40 count combed cotton yarn at ₹278-291 (~$3.26-3.41) per kg, 30 count carded cotton yarn at ₹236-241 (~$2.77-2.82) per kg, 34 count carded cotton yarn at ₹241-246 (~$2.82-2.88) per kg and 40 count carded cotton yarn at ₹249-253 (~$2.92-2.96) per kg.

Cotton yarn prices also remained steady in the Mumbai market after gains seen last week. However, demand for fabric from the garment industry remained sluggish. The loom sector remained cautious in their yarn purchases due to difficulties in finding buyers. Trade sources noted that domestic garment demand has shifted towards polyester and polyester-cotton yarns. Export orders remain too weak to support the textile value chain. Orders from the US and other countries are not very encouraging.

In Mumbai, 60 carded yarn of warp and weft varieties were traded at ₹1,380-1,430 (~$16.17-16.76) and ₹1,340-1,390 per 5 kg (~$15.70-16.29) (excluding GST), respectively. Other prices include 60 combed warp at ₹315-321 (~$3.69-3.76) per kg, 80 carded weft at ₹1,385-1,450 (~$16.23-16.99) per 4.5 kg, 44/46 carded warp at ₹265-272 (~$3.10-3.19) per kg, 40/41 carded warp at ₹248-255 (~$2.91-2.99) per kg and 40/41 combed warp at ₹268-272 (~$3.14-3.19) per kg, according to trade sources.

In Gujarat, cotton prices have increased by ₹700–800 per maund (356 kg) since last Friday. Spinning mills are purchasing cotton to maintain production as the season nears its end. According to market sources, spinning mills are looking to buy cotton from the open market, where supply is currently adequate. The Cotton Corporation of India (CCI) is also auctioning cotton, but smaller mills prefer buying from the open market as per their convenience.

The benchmark Shankar-6 cotton was quoted at ₹56,300–56,500 (~$644.43–646.78) per candy of 356 kg for stock cotton. Southern mills were bidding at ₹56,500–56,700 (~$650.29–656.15) per candy.

Source: fibre2fashion.com– July 08, 2025

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