IBTEX No. 89 of 2025 **July 11, 2025**

Currency Watch			
USD	EUR	GBP	JPY
85.86	100.32	116.23	0.58

INTERNATIONAL NEWS	
No	Topics
1	Trump Hits Canada With 35% Tariffs
2	Too Much Space, Too Little Demand: China-US Freight Rates Keep Crashing
3	Global trade expands by $300 bn in H1 2025: UNCTAD
4	Hundreds of Cambodia’s Garment Factories Unsure About Operations Beyond 3 Months
5	US apparel imports from China hit 22-year low in May
6	US tariffs & other policies leading to growing anxiety, confusion: NRF
7	Textile machinery sales reflect China's confidence, long-term planning
8	Tariff Tides Turn Again: The billion-dollar comeback of 'submarining' in US apparel trade

NATIONAL NEWS	
No	**Topics**
1	India clears air of uncertainty, signals trade deal talks with US still on
2	Trump says those not sent tariff letters may face blanket tariffs of 15% or 20% on Aug 1
3	US actions pushing countries to seek dollar alternatives for trade: GTRI
4	Amid deficit underuse of Asean trade agreement to be assessed by commerce department
5	Plans afoot to legalise HtBt to double cotton production
6	PLI scheme for textiles sees US $ 857 million in investments for industry
7	North Indian cotton yarn trade slows despite tariff relief

INTERNATIONAL NEWS

Trump Hits Canada With 35% Tariffs

Following a trickle of trade revelations this week, President Donald Trump announced Thursday evening that he intends to levy 35-percent duties on the nation's northern neighbor beginning Aug. 1.

The president's letter to Canadian Prime Minister Mark Carney revived a familiar complaint about Canada's "failure to stop the drugs"—fentanyl—from flowing into the United States, a sticking point for Trump that pushed the escalation of trade tensions between the two countries earlier this year. Trump also decried Canada's retaliation against U.S. tariff threats with its own duties, as well as its steep tariffs on American agricultural products.

Like other letters released since Monday, the missive included a warning against the transshipment of goods from other countries. Trump wrote that if Canada decides to implement its own duties on the U.S., that tariff rate will be stacked upon the 35 percent announced this week.

The European Union also appears to be in the president's crosshairs once again, as a deal has yet to be reached with the 27-member trade bloc despite repeated and increasingly desperate overtures from European Commission President Ursula von der Leyen and other European trade officials. On Thursday evening, Trump told NBC News that he plans to impose blanket duties on most nations that haven't yet reached a consensus with U.S. trade negotiators.

"We're just going to say all of the remaining countries are going to pay, whether it's 20 percent or 15 percent. We'll work that out now," he said. He added that he believes the tariffs have been well-received thus far, pointing to stock market performance, which closed at record highs on Thursday.

However, S&P 500 futures slipped 0.5 percentage points following the president's evening announcement.

Source: sourcingjournal.com– July 10, 2025

HOME

****

Too Much Space, Too Little Demand: China-US Freight Rates Keep Crashing

Too Much Space, Too Little Demand: China-US Freight Rates Keep Crashing

Ocean freight rates out of China to the U.S. are still falling after their strong spike in May, and are expected to further decline through the coming months, especially if a projected end-of-summer demand slump plays out.

Drewry's July Container Forecaster projects the supply-demand balance to weaken again in the second half of the year, which would cause the spot rate dip.

While there was much concern over the amount of space available on container ships in May when the U.S. first rolled back its tariffs on China for 90 days, the pendulum has heavily swung back to overcapacity on the Pacific Ocean, which is a catalyst for lower freight rates.

According to Drewry, the volatility and timing of rate changes will depend on President Donald Trump's future tariffs and on capacity changes related to the introduction of the U.S. penalties on Chinese ships, which are uncertain.

Container shipping consultancy Linerlytica noted that increased clarity on the tariffs will reduce the need for shippers to rush out shipments before the new Aug. 1 deadline, further pressuring trans-Pacific freight rates.

Major indices are showing more declines, with the Drewry World Container Index dipping for the fourth straight week from China to the U.S. East and West Coasts. As of Thursday, freight rates from Shanghai to Los Angeles decreased 8 percent to $2,931 per 40-foot container, while Shanghai-to-New York rates dipped 5 percent to $4,839.

Drewry expects spot rates to continue to decline next week as well due to excess capacity and weak demand. Last Friday, the Shanghai Containerized Freight Index from Shanghai to the U.S. West Coast plunged 19 percent from the week prior to $2,089 per container. The East Coast counterpart dropped 13 percent to $4,124 on average.

Despite the U.S. and China agreeing to a framework for a trade deal that lowered tariffs back down to 55 percent, shipments remain far down from 2024 levels, contributing to the rapid rate decline throughout June.

In June, U.S. imports of containerized goods from China still fell 28.3 percent year over year to 639,300 20-foot equivalent units (TEUs), according to a monthly report from supply chain technology provider Descartes. China's share of total U.S. container imports hit a four-year low at 28.8 percent, reflecting the sustained impact of the elevated tariffs.

With fewer Chinese cargo expected to enter the U.S. in August into the fall months, ocean carriers will be monitoring capacity levels to hold rates up.

Mediterranean Shipping Company (MSC) is the first of the major carriers to withdraw a service line "until further notice" in an effort to get excess capacity out of the trans-Pacific trade lane.

The suspended Pearl service connected ports including Vietnam's Cai Mep and Hai Phong; Hong Kong; China's Yantian, Xiamen and Nansha; and Long Beach and Oakland in the U.S.

The last sailing on the Pearl service will be made by the 8,819-TEU MSC Elodie from Xiamen on July 13, according to Linerlytica.

Other carriers including Hong Kong-based TS Lines and China United Lines, both of which reintroduced service lines when demand opened up, again pulled the plug on their sailings.

Such moves remain "insufficient" to bring stability back to what Linerlytica called a "very crowded" trans-Pacific market with 23 carriers currently active on the Far East-to-U.S. route.

The consultancy is not convinced the cuts from MSC and others will make much of a dent in the trend.

"Further capacity cuts are required in the next four weeks, with the removal of some 30,000 TEUs per week needed before carriers will have any realistic chance of reversing the rate slump," Linerlytica said.
Container capacity has gotten more volatile over the years

As rates seem more likely to drift downward, the level of capacity on container vessels appears to be more volatile than ever—making rates more unpredictable.

Container shipping research firm Sea-Intelligence says total capacity on the Asia to North American West Coast route has nearly quadrupled compared to 2012 levels. For the past three years, capacity volatility has been ranging around 250 percent higher than in 2012, with variability often reaching up to 300 percent higher.

According to Sea-Intelligence CEO Alan Murphy, this volatility is caused by blank sailings, vessels sailing off-schedule and vessels of varying size on the same service.

"To the degree that spot rates are driven by the actual weekly supply-demand balance, this capacity volatility means that the underlying driver for spot rate formation on Asia-NAWC has become progressively more unstable over the past 13 years—creating a much more volatile and unpredictable spot rate in itself," Murphy said.

To calculate the volatility, Sea-Intelligence took the absolute value of the week-over-week change in capacity, so that any change is recorded as a positive value. From there, the firm calculated capacity volatility as a 52-week moving average.

Source: sourcingjournal.com – July 10, 2025

HOME

****

Global trade expands by $300 bn in H1 2025: UNCTAD

The global trade expanded by an estimated $300 billion in the first half (H1) of 2025, despite a slower pace of growth, according to the United Nations Trade and Development (UNCTAD).

Global trade rose by about 1.5 per cent in the first quarter (Q1), with growth expected to accelerate to 2 per cent in the second quarter (Q2), UNCTAD said in its latest report on Global Trade.

Price increases contributed to the overall rise in trade value. Prices for traded goods edged up in the first quarter and likely continued to rise in the second, while trade volumes grew by just 1 per cent.

Developed economies outpaced developing countries in Q1 2025, reversing recent trends that had favoured the Global South. The shift was driven by a 14 per cent surge in United States imports and a 6 per cent jump in European Union (EU) exports.

In contrast, developing countries saw a 2 per cent drop in imports. South-South trade stagnated overall, though Africa bucked the trend with exports up 5 per cent and intra-regional trade growing 16 per cent year over year (YoY).

Trade imbalances deepened during the last four quarters, with the US posting a larger deficit and China and the European Union recording growing surpluses.

Bilateral trade deficits also expanded between the US and major partners, including China ($360 billion annually), the EU ($276 billion), and Vietnam ($116 billion).

The report warned that global trade faces mounting headwinds in H2 2025, amid persistent policy uncertainty, geopolitical tensions and signs of slowing global growth.

The introduction of new US tariffs—including a 10 per cent base rate and additional duties on steel and aluminium—has heightened concerns over trade fragmentation. Although retaliation has so far been limited, further unilateral actions risk sparking escalation, potentially impacting third-party countries and disrupting global supply chains.

At the same time, domestic subsidies and protectionist industrial policies, particularly in high-tech and strategic sectors, are expected to intensify, threatening the stability of highly interlinked production networks. Uncertainty in one area could ripple across others.

Despite these challenges, there are signs of resilience: freight indices have recovered from early 2025 lows, regional integration is gaining momentum, and services trade continues to show strong growth, added the report.

UNCTAD concluded that continued resilience in H2 2025 will depend on 'policy clarity, geoeconomic developments and supply chain adaptability'.

Source: fibre2fashion.com– July 10, 2025

HOME

****

Hundreds of Cambodia's Garment Factories Unsure About Operations Beyond 3 Months

That the White House lowered Cambodia's so-called "reciprocal" tariff figure from a "Liberation Day" high of 49 percent to a potential 35 percent this week will come as little comfort for the Southeast Asian nation, which has less than three weeks to secure a deal that could lower customs duties for the clothing and footwear that make up more than half of its $26 billion in annual exports, a sizable portion of which is destined for the United States.

In Prime Minister Hun Manet's version of what has essentially been a boilerplate letter, President Donald Trump said that the tariff rate would redress what he described as an "unfair" and "persistent" trade imbalance between the two countries.

"Our trading relationship with Cambodia has been far from reciprocal," he wrote, citing, by way of evidence, a $12.3 billion trade deficit in 2024. "These tariffs are necessary to correct many years of Cambodia's tariff and non-tariff policies and trade barriers."

The implications of this are only beginning to hit Cambodia's roughly 900,000 apparel, footwear and travel goods workers, most of them women, because they've been clocking overtime hours to hurry out orders before the duty hike's original July 9 deadline, said Tharo Khun, program manager at the Center of Alliance of Labor and Human Rights, the workers' rights group better known as CENTRAL.

But how major U.S. buyers such as Adidas, Nike, Gap Inc., Levi Strauss & Co., Puma, Under Armour, Calvin Klein owner PVH Corp. and The North Face parent VF Corp. react over the next few months, even weeks, could shift the fate of an entire country. All the brands either declined to comment, with some citing a quiet period before earnings results, or did not respond to requests.

"Surely having a 16 percent difference with Vietnam will pose huge challenges for us going forward vis a vis our competitiveness compared to Vietnam," Ken Loo, secretary general of the Textile, Apparel, Footwear and Travel Goods Association of Cambodia, said of Vietnam's 20 percent tariff rate, which saw a marked reduction from the originally imposed 46 percent in April.

Loo said there was still plenty to recommend Cambodia over Vietnam, such as what he said was a more abundant supply of labor and “certainly” higher levels of compliance with mandatory International Labor Organization monitoring in all exporting apparel, footwear and travel goods factories.

“We hope there is a breakthrough in the next three weeks,” he added.

Whether companies selling into the European Union will pick up the slack is also questionable, if not downright doubtful, following the trading bloc’s partial withdrawal of Cambodia’s Everything But Arms trade preferences in 2020 due to human rights concerns, including violations of freedom of expression. And the fact remains that the United States is the world’s largest consumer market.

“I can’t predict what will happen, but it’s very, very concerning,” Khun said. “This will affect the job security and livelihoods of workers.”

Sun Chanthol, deputy prime minister and first vice president of the Council for the Development of Cambodia, moved to reassure factory owners and investors on Tuesday, spinning the rate as a “success” because it involved the highest tariff reduction among the first tranche of 14 countries to which it belonged. Others, like Malaysia and Japan, saw their numbers tick up.

“I would like to take this opportunity to call on companies with factories in Cambodia to stay calm,” he said. “The Royal Government has the full capability to protect employers, employees and Cambodia’s national interests. We have both the capacity and the conditions to attract more investors, which in turn will help create more jobs for Cambodians.”

But suppliers, facing a murky future beyond the short-term crunch, are already rattled. Nearly half (44 percent) of the more than 750 apparel, footwear and travel goods factories surveyed in May by Better Factories Cambodia, an International Labour Organization-backed program designed to improve working conditions in the country’s garment sector, are uncertain if they will be able to sustain current operations beyond three months because that’s when orders run out. Some 15 percent say they currently have no confirmed orders, or orders only for the next few weeks.

More than one-quarter (27 percent) also reported that their buyers have requested reduced pricing for orders placed during the year, which Better Factories Cambodia said provided some indication of the "willingness" of buyers to shift costs to suppliers in the case of a tariff-driven upswing. Among the respondents, 91 percent said that their factory exports at least a portion of their production to the United States.

As with the "demand shock" triggered by the Covid-19 pandemic, the report noted, sudden order disruptions could potentially result in negative repercussions that include worker retrenchments, suspensions and dismissals. While most factories are looking to expand their customer base, only 26 percent have secured new buyers or opportunities.

All this comes at a time of growing concern about a skilled labor shortage, especially sewing and technical staff, because of increasing competition from new factories in provincial areas and a reluctance among workers to return after their relocation. This has resulted in high turnover, reduced production efficiency and greater operational instability that changing sourcing behavior will only exacerbate, Better Factories Cambodia said.

"While we don't currently have a formal projection on the consequences of the announced tariffs, a sustained increase in tariffs could place additional pressure on the sector, with potential implications for factories and workers," said Froukje Boele, program manager at Better Factories Cambodia. "We're continuing to engage with global brands under the Better Work program to better understand how the current trade developments may affect sourcing decisions and supplier operations."

Part of the reason why so much uncertainty looms over suppliers is because the vast majority of fashion's social and environmental initiatives have been voluntary, unilateral and top-down, which has allowed brands and retailers to rack up PR brownie points without requiring them to put any real "skin in the game," Christina Hajagos-Clausen, IndustriALL Global Union's director for the textile, garment, shoe and leather sector, told the audience at the Global Fashion Summit in Copenhagen last year.

It was also at the summit that PVH Corp., together with Asos, H&M Group and Primark, announced that they had signed binding "support" commitments with IndustriALL that obligated them to, among other things, ring-fence labor costs, guarantee specific volumes and pay into a skills development fund for workers.

The idea—as channeled through the international union federation's global framework agreement on living wages, dubbed Action, Collaboration, Transformation, or ACT—was to incentivize or otherwise assure suppliers that signing collective bargaining agreements with trade unions to increase wages wouldn't result in price-sensitive buyers cutting and running whenever the stakes grew too high. One caveat was that the volume pledges would only kick into effect once a certain threshold of factories—as determined by the specific brand or retailer achievement—was achieved.

PVH Corp. and a few other firms have conveyed to IndustriALL and its Cambodian affiliates that they will continue to place orders in the country, said Athit Kong, president of the Coalition of Cambodian Apparel Workers Democratic Union, which was involved in ACT's negotiations. While he hasn't heard from members about whether U.S. brands have paused or canceled orders, it's early days yet for that information to filter down, he added.

Jason Judd, executive director of Cornell University's ILR Global Labor Institute, isn't holding his breath. Working in Phnom Penh as country director for the Solidarity Center and then for the International Labour Organization, he witnessed "a decade of fierce wage suppression, fake unions, violence against workers, followed by climate brinksmanship and more" because trade and basic protections for workers are not connected.

That applies to the United States, too, he said.

"A less stupid trade policy would connect U.S. tariffs and market access with outcomes for workers, not outcomes for Trump and, as we've seen in Vietnam, his family," Judd added.

Source: sourcingjournal.com– July 10, 2025

HOME

****

US apparel imports from China hit 22-year low in May

A direct result of the ongoing tariffs that have pushed retailers to diversify their supply chains, US apparel imports from China hit a 22-year low in May. This significant decline highlights the lasting impact of trade tensions, prompting a notable shift in sourcing toward countries like Vietnam, Bangladesh, and India.

Historically the dominant apparel exporter to the US, China has seen its market share diminish as a consequence of escalating US tariffs, some reaching as high as 145 per cent under President Donald Trump. This has compelled American companies to actively reduce their dependence on Chinese manufacturing.

Trade experts indicate that this trend of decreasing imports from China isn't new. US interest in Southeast Asian production has been on the rise since mid-2023, evident in the increased demand for factory inspections across the region. These ongoing shifts suggest fundamental and enduring changes in global supply chain dynamics, changes that could face further challenges as temporary tariff pauses eventually expire.

Source: fashionatingworld.com– July 10, 2025

HOME

****

US tariffs & other policies leading to growing anxiety, confusion: NRF

The US economy has shown continued resilience in 2025, even as anxiety over tariffs, shifting policies, and inflationary pressures remains a key concern, National Retail Federation (NRF) chief economist Jack Kleinhenz has said.

Halfway through the year, it is still difficult to predict the impact new tariffs and other government policies will have on the US economy, he added.

"This year began with high expectations for the strength of the US economy," Kleinhenz said, noting strong 2.8 per cent year-over-year growth in gross domestic product in 2024 that was led by consumer spending and helped by business and government spending. "Since then, anxiety and confusion have taken centre stage in the economy and financial markets as uncertainty over public policy has intensified. It was difficult to judge how policy changes would impact the economy in early 2025 and it remains so now."

The US economy has shown continued resilience in 2025, even as anxiety over tariffs, shifting policies, and inflationary pressures remains a key concern, National Retail Federation (NRF) chief economist Jack Kleinhenz has said.

Halfway through the year, it is still difficult to predict the impact new tariffs and other government policies will have on the US economy, he added.

"This year began with high expectations for the strength of the US economy," Kleinhenz said, noting strong 2.8 per cent year-over-year growth in gross domestic product in 2024 that was led by consumer spending and helped by business and government spending.

"Since then, anxiety and confusion have taken centre stage in the economy and financial markets as uncertainty over public policy has intensified. It was difficult to judge how policy changes would impact the economy in early 2025 and it remains so now."

Kleinhenz's comments came in the July edition of NRF's Monthly Economic Review, which said that economic growth is holding up reasonably well. GDP dipped at an annual rate of 0.5 per cent in the first quarter, mainly due to a spike in imports triggered by tariff announcements. However, private final sales to domestic purchasers—a key gauge of consumer and business demand—increased 1.9 per cent year-on-year, signalling underlying strength. While this was a slowdown from 2.9 per cent in the previous quarter, Kleinhenz noted that "the slowdown has been less than feared".

"Economic fundamentals appear solid at this juncture, but uncertainty is pervasive," added Kleinhenz. "There are many crosscurrents surrounding tariffs, immigration and deregulation, and everyone is sorting through what the tariff rates are going to be, how they will impact inflation for retail products and, importantly, how long they will be in place."

Inflation, as measured by the Personal Consumption Expenditures Price Index, ticked up to 2.3 per cent in May from 2.1 per cent in April. In nominal terms, personal income and consumer spending were both up 4.5 per cent in May. Core retail sales—defined by NRF to exclude automobiles, gasoline, and restaurants—were up 3.9 per cent YoY in May and for the first five months of 2025.

The labour market also remained a bright spot, with 147,000 jobs added in June—slightly above the 12-month average of 146,000. Unemployment held steady at 4.1 per cent, while job openings rebounded to 7.8 million, surpassing the number of unemployed and indicating continued demand for workers.

Tariff-related price pressures have yet to fully materialise. "However, if the large increases in tariffs announced earlier this year take effect and are sustained, they will infiltrate consumer prices, causing a downshift in spending that is likely to spill over into the labour market later in the year with higher unemployment," Kleinhenz warned.

Looking ahead, Kleinhenz believes the Federal Reserve is "quite unlikely" to cut interest rates this month but could be on course to do so in the autumn. Fed officials are closely observing the "inflation psychology" of consumers—their perceptions of future inflation and its influence on current spending and saving behaviour.

While uncertainty remains difficult to measure, the Economic Policy Uncertainty Index—developed by Stanford and Northwestern economists—has dropped by half since peaking in April, its highest level since the pandemic.

Commenting on recent fiscal policy changes, Kleinhenz said the passage of the One Big Beautiful Bill Act has introduced “many moving parts” that “could greatly alter the economic outlook” depending on how businesses and consumers respond. Nevertheless, he noted that the legislation—which includes business incentives, permanent tax cuts for individuals, and measures to boost workforce participation— “meaningfully reduces fiscal policy uncertainty”.

Source: fibre2fashion.com– July 11, 2025

HOME

****

Textile machinery sales reflect China's confidence, long-term planning

Despite import volumes of apparel from China to the US hitting a 22-year low in May this year—down 30 per cent from April and looking set to plummet further in 2025—China's investment in its textile manufacturing supply chain still far surpasses any other country by a long way.

According to the 47th annual International Textile Machinery Shipment Statistics (ITMSS) from the Zurich, Switzerland-based International Textile Manufacturers Federation (ITMF), in 2024, around 95 per cent of all synthetic fibre filament equipment for the production of both polyester and polyamide was sold to China.

Spinning, knitting and weaving

The picture was not much different in staple spinning, knitting and weaving machinery sales.

The total number of shipped short-staple spindles fell by 3.8 million units in 2024 to a level of 5.92 million. Most of the new shipments went to Asia where deliveries decreased by 36 per cent compared to 2023. The six largest investors in the short-staple segment were China, India, Türkiye, Bangladesh, Egypt and Indonesia.

Some 623,000 open-end rotors were shipped worldwide in 2024, about 390,000 less than recorded in 2023. China, India and Türkiye were the world's three largest investors in rotors but each ordered less than in 2023 and deliveries fell in all major manufacturing countries with the exception of Vietnam and Bangladesh, where shipments climbed by 214 per cent and 44 per cent respectively compared to 2023.

Global shipments of large circular knitting machines fell by15 per cent to 28,000 units in 2024, with Asia buying 81 per cent of them and China taking 10,786 units. India and Vietnam ranked second and third with 3,899 and 2,559 units respectively.

The number of shipped electronic flat knitting machines increased by 16 per cent to 135,000 machines in 2024, with 96 per cent sold to Asia and 82 per cent to China.

Global shipments of shuttle-less looms increased by +32 per cent to 226,000 units. Deliveries of air-jet looms increased 10 per cent to 58,000 and water jet loom sales were up 56 per cent, with 143,000 sold.

The number of rapier and projectile looms dropped by 7 per cent to 25,000 units, with Asia taking 97 per cent of deliveries.

US-China trade

These statistics do not reflect a lack of confidence from China, despite it being locked into a trade dispute with the US, which began in earnest during the first Trump Administration in 2018. Tariffs were first imposed on Chinese goods back then to address longstanding concerns over trade imbalances, intellectual property theft, forced technology transfers and state subsidies.

The US levied tariffs on hundreds of billions of dollars' worth of Chinese imports, prompting retaliatory tariffs from China on US goods. The conflict escalated into a broader economic confrontation, straining global supply chains and markets. The Biden Administration took a less confrontational tone but largely maintained the Trump-era tariffs and continued to pursue policies aimed at curbing China's economic and technological rise.

As has been widely reported, the US-China disputes have only intensified in 2025.

With its rigid Five Year Plan system, however, China has so far carried on regardless, as is borne out by the ITMF's statistics.

Source: fibre2fashion.com– July 11, 2025

HOME

****

Tariff Tides Turn Again: The billion-dollar comeback of 'submarining' in US apparel trade

In the world of global trade, few terms have the covert glamour and historical baggage of ‘submarining’. Once a relic of the quota-era under the now-defunct Multi-Fiber Agreement (MFA) the controversial practice, is making waves again. Spurred by a new climate of protectionism and punitive tariffs—particularly those introduced during the Trump administration—this old trade trick is quietly regaining momentum, reshaping how garments make their way into the US market.

But this time, the game has evolved. The geography is different, the stakes are higher, and the players include not just foreign exporters but U.S.-based actors who’ve found clever ways to flip the script from within.

Submarining 101, rebirth of a trade hack

To grasp the gravity of this revival, we must return to the era of the MFA (1962-05), when garment imports into the US States were strictly controlled by country-specific quotas. Exporters, especially from big sourcing countries like China, faced caps on how much they could send to lucrative markets like the US. Submarining emerged as a workaround—ingenious and illegal.

Here’s how it worked: Chinese apparel was shipped to third countries—often in Africa—that weren’t subject to quotas. There, without any real processing, the goods were relabeled as originating from the intermediary country and re-exported to the US quota-free and sometimes duty-free. Everyone benefited: Chinese factories bypassed quota constraints, African traders earned tidy margins without making a single garment, and US importers stocked their shelves with high-demand items at lower prices.

This workaround netted billions before fading into obscurity with the MFA’s demise and the liberalization of global trade in 2005. But like all cycles, protectionism is back—and so is submarining.

A Trump-era aftershock

Fast forward to the late 2010s and early 2020s, under President Donald Trump’s administration, a slew of new tariffs and duties—especially targeting Chinese-made goods was unleashed in the name of protecting

American industry. From solar panels to steel, and yes, to apparel, the US found itself reintroducing steep trade barriers.

These tariff walls, according to analysts, have rekindled the conditions for submarining to flourish once more. Only this time, the third-country detours are playing out across the Middle East, Western Asia, and parts of Southeast Asia—regions with preferential access to US markets or minimal exposure to the new duties.

What's changed is not the method but the motive. In place of avoiding quotas, today's submariners aim to dodge tariffs that can reach up to 25 per cent on certain Chinese goods. The garments are moved through countries like Jordan, Bangladesh, or even the UAE, where they are given a new paper trail and re-exported under different origin claims—sometimes with minor processing, other times with none at all.

Trump, for his part, responded with characteristic bluntness, threatening "serious action against the crooked and deceitful players who are undermining his quota regime." But experts say the problem is not just overseas

The homeland twist, submarining on US soil

Data from 2024 adds a fresh, if unsettling, layer to the story: the US itself may be acting as a launchpad for its own brand of submarining.

Click here for more details

Source: fashionatingworld.com– July 10, 2025

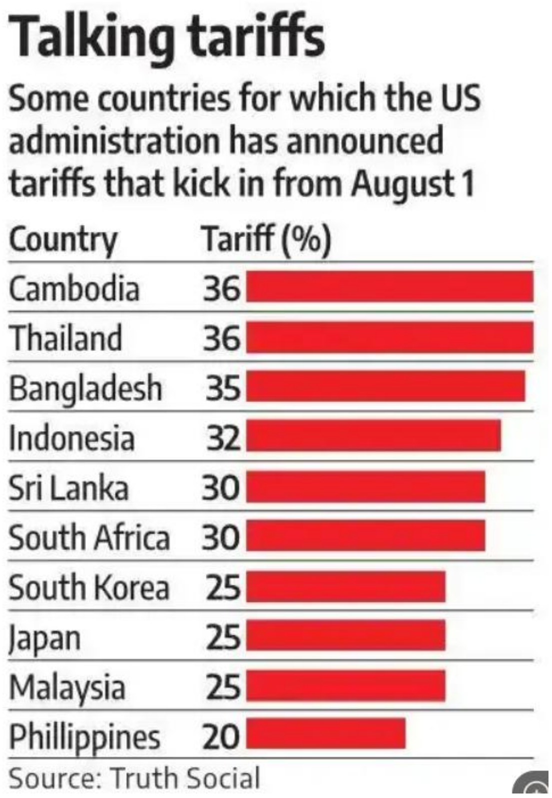
HOME

****

NATIONAL NEWS

India clears air of uncertainty, signals trade deal talks with US still on

Clearing the air of uncertainty around the status of trade parleys with the United States (US), the head of India's negotiating team signalled on Thursday that both sides are still in talks to seal an interim deal, ahead of the new August 1 kickoff date for US' reciprocal tariffs regime, as well as a comprehensive bilateral trade agreement (BTA).



"…We are trying to negotiate and finalise a deal with the United States of America. We are into negotiations, reviewing the Asean trade deal," said Rajesh Agrawal, commerce department special secretary and India's chief negotiator for the US BTA.

This is the first official comment from the Indian side since Tuesday, when President Donald Trump said the US was 'close' to signing a trade deal with India.

The top negotiator's remarks at an event organised by the Confederation of Indian Industry (CII) in the capital also assume significance as they come amid a flurry of letters sent through this week by US President Donald Trump notifying 22 countries about revised reciprocal tariffs set for their goods exports. These tariffs range from 20 per cent for the Philippines to 50 per cent for Brazil.

"The idea is we are now also integrating in a big way with the major trading partners across the world and major economies… This will create huge opportunities for India… our tariffs will be bilaterally cut, and they will be more predictable. People will be able to make long-term investment decisions based on this predictability in tariff landscape and the regulatory landscape," Agrawal said.

Another government official said that a team of officials led by Agrawal may head to Washington as early as next week for further discussions on the interim trade pact and the BTA that both sides have committed to work out.

"The 1 August deadline gives some time for Asian policymakers to negotiate a better deal from here. We expect India to strike a favourable trade deal soon, while negotiations continue for Thailand, Malaysia and Indonesia," economists at Nomura said in a note titled 'New tariff rates – groundhog day' on Wednesday.

India and the US were aiming to finalise an interim deal by July 9. However, agriculture and dairy products have been a bone of contention, with Washington seeking greater market access from India. Indian negotiators, on their part, have bargained hard to avoid the reciprocal tariff levies while demanding lower tariffs for labour-intensive sectors such as textiles, leather, and automobile components.

Since March, negotiators from India and the US have held five rounds of talks. Both sides held intense rounds of discussions and exchanged their offers for an interim deal between June 27 and July 3.

Source: business-standard.com– July 11, 2025

HOME

****

Trump says those not sent tariff letters may face blanket tariffs of 15% or 20% on Aug 1

US President Donald Trump has said that trading partners that had not yet received tariff letters would likely face blanket tariffs, “whether it is 20 per cent or 15 per cent”, which would be worked out and applicable from August 1.

If Trump does not plan to send many more tariff letters, so far sent to 23 countries including Canada, on Thursday, then India may be bracketed with other countries that have not got letters yet and get assigned a blanket tariff.

The tariff rates that Indian products may face after August 1, in case a India-US trade deal is not struck by that time, may be lower than the 26 per cent reciprocal tariffs announced on Indian products on April 2, going by the US President’s latest estimate.

“Not everybody has to get a letter. You know that. We’re just setting our tariffs…We’re just going to say all of the remaining countries are going to pay, whether it’s 20% or 15%. We’ll work that out now,” Trump said in an interview to US media on Thursday.

Trump’s reciprocal tariffs announced on trade partners on April 2, aimed at bringing down the US trade deficit, were initially paused till July 9. But the deadline was then extended by the US government to August 1 after just a couple of deals were reached within the timeframe. This included a limited trade pact with the UK and one with Vietnam the details of which are not finalised.

The Indian team of negotiators had returned from Washington DC on July 2-3 after failing to reach an agreement on an interim trade deal partly due to stiff demands from the US, including in agriculture and dairy.

“Apart from protecting its sensitivities, India also wants offers in its areas of interest, including labour intensive products, that would give it an advantage over other competitors in the American market,” a source tracking the matter said.

With the tariffs now postponed to August 1, India and the US are set to resume their trade talks, the Indian chief negotiator said on Thursday. The team of Indian negotiators is likely to go back to Washington DC next week, the source added.

Canada was the latest country that received a tariff letter from the US on Thursday with a 35 per cent tariff assigned from August 1.

Other countries that received tariff letters include Algeria, Bangladesh, Bosnia and Herzegovina, Brazil, Brunei, Brazil, Brunei, Cambodia, Indonesia, Iraq, Japan, Kazakhstan, Laos, Libya, Malaysia, Moldova, Myanmar, Philippines, Serbia, South Africa, South Korea, Sri Lanka, Thailand and Tunisia. Mostly the new tariffs are in alignment with the reciprocal tariffs announced on April 2.

Source: thehindubusinessline.com– July 11, 2025

HOME

****

US actions pushing countries to seek dollar alternatives for trade: GTRI

US President Donald Trump has proposed a 10 per cent tariff on all Brics nations for conducting trade in non-dollar currencies, overlooking that such moves were prompted by Washington's own economic and geopolitical actions, economic think tank GTRI said on Friday.

Brics members are India, Brazil, Russia, China, South Africa, Saudi Arabia, Egypt, United Arab Emirates, Ethiopia, Indonesia, and Iran.

The Global Trade Research Initiative (GTRI) said the US sanctions and SWIFT bans on countries like Russia, Iran, and Venezuela, have blocked dollar-based payments, forcing nations like India and China to trade in local currencies with Russia.

SWIFT is a global messaging system that routes payment instructions between banks worldwide.

"The shift from dollar wasn't a revolt; it was the only route left," GTRI Founder Ajay Srivastava said, adding "over 90 per cent of Russia-?China trade is now settled in rubles or yuan; India pays for Russian oil in rupees and dirhams; even Saudi Arabia is open to non-dollar oil trade -- cracking the 1970s petrodollar pact".

"Trump ignores the fact that it is the US actions that forced countries to search for the dollar alternatives in the first place," it said.

He added that Trump's 10 per cent tariff plan on Brics and 500 per cent penalty on countries buying Russian oil makes it difficult for countries to negotiate trade deals with the US.

"In essence these deals are MASALA deals -- Mutually Agreed Settlements Achieved through Leveraged Arm... India must stay cautious," he said.

Srivastava further explained that SWIFT connects over 11,000 banks in over 200 countries and was designed to be a neutral platform for trade-related payments.

But under US pressure, he said, SWIFT has blocked access to countries under American sanctions, like Iran, Venezuela, and Russia.

"As a result, countries importing oil and gas from sanctioned suppliers had no option but to bypass the dollar. India pays for Russian crude in rupees and UAE dirhams through non-SWIFT channels. China uses yuan to settle Russian gas trade. This isn't an anti-dollar strategy -- it's a survival mechanism triggered by US sanctions," the GTRI said.

"Trump ignores the fact that it is the US actions that forced countries to search for the dollar alternatives in the first place," it said.

He added that Trump's 10 per cent tariff plan on Brics and 500 per cent penalty on countries buying Russian oil makes it difficult for countries to negotiate trade deals with the US.

"In essence these deals are MASALA deals -- Mutually Agreed Settlements Achieved through Leveraged Arm... India must stay cautious," he said.

Srivastava further explained that SWIFT connects over 11,000 banks in over 200 countries and was designed to be a neutral platform for trade-related payments.

But under US pressure, he said, SWIFT has blocked access to countries under American sanctions, like Iran, Venezuela, and Russia.

"As a result, countries importing oil and gas from sanctioned suppliers had no option but to bypass the dollar. India pays for Russian crude in rupees and UAE dirhams through non-SWIFT channels. China uses yuan to settle Russian gas trade. This isn't an anti-dollar strategy -- it's a survival mechanism triggered by US sanctions," the GTRI said.

Source: business-standard.com– July 11, 2025

HOME

****

Amid deficit underuse of Asean trade agreement to be assessed by commerce department

To address the underutilisation of the Asean-India trade agreement and a growing trade deficit, the commerce department is surveying exporters. The questionnaire aims to identify challenges like tracing raw material origins, interpreting procedures, and compliance costs. This review seeks to eliminate barriers, prevent misuse, and improve export performance under the AITIGA.

New Delhi: The commerce department has drawn up a list of around 20 questions to be shared with exporters to gauge the underutilisation of India's trade pact with Asean countries amid the deal being reviewed due to New Delhi's high and sustained trade deficit.

These questions pertain to difficulty to trace the origin of raw materials, challenges in interpretation and procedures, cost of compliance and if exporters are not using the preferential route due to low duty differentials compared to regular rates.

The Asean-India Trade in Goods Agreement (AITIGA), which came into effect in 2010, is currently under review. India has been demanding a review of the pact to eliminate barriers and its misuse. The review is aimed to be completed this year.

"We are trying to assess the reasons that affect the export performance and limit the exporters ability to leverage the AITIGA preferential benefits," said an official.

Asean, or the Association of Southeast Asian Nations, comprises Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Vietnam. "The structural or policy-related bottlenecks impacting exports under the agreement and domestic supply-side limitations or capacity constraints are also being looked into," the official added.

The questionnaire will also touch upon tariff and non-tariff barriers in the 10-member bloc, procedural issues in availing preferential certificates, pricing compared to key competitors, rules of origin, buyer-side challenges and customs clearance process compared to regular most favoured nation (MFN) route.

The exercise is crucial as India seeks to eliminate barriers and misuse of the trade pact and reduce its trade deficit with the grouping. India had opened 71% of tariff lines while Indonesia opened only 41%, Vietnam 66.5% and Thailand 67%, for AITIGA.

India's goods exports to the Asean shrank 5.4% from a year earlier to $38.96 billion in FY25, while its imports from the bloc rose 5.6% to $84.16 billion.

Concerns have also been raised about routing of goods to India from third countries, especially China, through Asean members by taking the duty advantages of the agreement.

Source: economictimes.com– July 11, 2025

HOME

****

Plans afoot to legalise HtBt to double cotton production

In a major agricultural reform aimed at doubling cotton production in the country, the government is planning to legalise the controversial herbicide-tolerant (Ht) Bt cotton (HtBt cotton). The expert committee on HtBt cotton seeds has given a positive recommendation for its commercial cultivation to the top biosafety regulatory body, the Genetic Engineering Appraisal Committee (GEAC), after analysing three years of biosafety data.

Environmentalists are concerned that the approval may lead to farmers indiscriminately spraying Glyphosate, a controversial herbicide used to eliminate weeds without harming cotton crops. This practice raises concerns about potential negative impacts on the environment and other crops grown in nearby fields.

The GEAC appointed the committee in 2022 to study the adverse effects of HtBt cotton. The committee assessed the biosafety data of Bayer-owned, Monsanto-patented HtBt cotton for the years 2022-2024, reviewed the fresh risk assessment and risk management, and yield claim, and found it satisfactory.

However, HtBt cotton cultivation has been occurring illegally in Gujarat, Maharashtra, Andhra Pradesh, and Telangana for many years.

“If we approve commercial cultivation, then farmers who are getting ‘unauthorised seeds’ would get the right quality of seeds, where the seller would be made accountable,” a senior officer said.

The senior official said the ministry of textiles has been advocating for this change due to a decline in cotton production nationwide. Moreover, a group of experts from the Ministry of Agriculture, ICAR scientists, the Ministry of Textiles, GEAC expert committee members and other stakeholders will gather on July 11 in Coimbatore to prepare a roadmap for the release of HtBt cotton.

“The government may announce a separate cotton mission to achieve its past glory where India became top producer and second exporter in the world,” said the official. Three officials close to the development confirmed the government plan to this newspaper.

India's cotton production has been declining over the past ten years. Cotton production in India reached a high in 2013-14, with 398 lakh bales(Lb) produced, but then saw a decline in subsequent years, sharply decreasing to 301.75 Lb for the 2024-2025 season, and the top producer tag shifted to China.

Green concerns

- Expert committee on HtBt cotton seeds has given a recommendation for its commercial cultivation to the top biosafety regulatory body
- Environmentalists are concerned that approval may lead to farmers indiscriminately spraying Glyphosate, a controversial herbicide
- This practice raises concerns about potential negative impacts on the environment and other crops grown in nearby fields

Source: newindianexpress.com– July 10, 2025

HOME

****

PLI scheme for textiles sees US $ 857 million in investments for industry

The Production Linked Incentive (PLI) scheme for textiles has become a game-changer for the industry, catalysing modernisation and global integration. So far, the scheme has led to Rs. 7,343 crore (US $ 857 million) in investments, generated a turnover of Rs. 4,648 crore (US $ 542 million), and spurred exports worth Rs. 538 crore (US $ 63 million).

Designed to support manufacturing in manmade fibre (MMF) apparel, fabrics, and technical textiles, the scheme offers financial incentives for five years, helping companies scale up operations and enhance their competitiveness on a global stage.

In a recent boost to its scope, the Ministry of Textiles expanded the list of eligible products by including additional HS Codes under the Technical Textiles segment. Further, in a move to fast-track benefits, the Ministry approved amendments in February that enabled the early release of Rs. 54 crore (US $ 6.3 million).

The scheme's payouts will span five financial years (FY '26–FY '30), with disbursements occurring from FY '25 to FY '29, backed by a total allocation of Rs. 10,683 crore (US $ 1.25 billion).

The scheme has two tiers of participation: a minimum investment of Rs. 100 crore (US $ 11.68 million) for Part 1 and Rs. 300 crore (US $ 35.03 million) for Part 2. Incentives are linked to achieving a 25% year-on-year growth in turnover.

Technical textiles have emerged as a central focus, accounting for 57% of the 74 approved applications, which span across 42 companies.

Shaleen Toshniwal, Chairman of the Manmade and Technical Textiles Export Promotion Council (MATEXIL), emphasised the scheme's foresight in recognizing the potential of technical textiles and MMF by incorporating a broad range of products.

By supporting the domestic production of advanced materials such as carbon fibre, glass fibre, and automotive safety equipment, the scheme is not only attracting foreign investment but also strengthening India's global position in the textile sector.

These high-tech materials are critical to fast-growing industries, helping India align with international standards and compete with established exporters like China, Vietnam, and Bangladesh.

Source: apparelresources.com– July 10, 2025

HOME

****

North Indian cotton yarn trade slows despite tariff relief

Cotton yarn trade in north India remained very slow. Although the US tariff pause date was extended until August 1, it failed to improve sentiment in the cotton yarn market. Prices stayed steady in both Delhi and Ludhiana markets. Market sources said buyers will remain cautious until there is clarity on tariffs and stability in trade-related policies. Buyers are currently unable to assess their cost of production due to volatile raw material prices.

The Ludhiana market saw no movement in cotton yarn prices and witnessed only average demand. A trader from Ludhiana told Fibre2Fashion, "Rising cotton prices are pushing up the cost of yarn production at the mill level. Spinning mills have lost their margins and are struggling to stay afloat, as they are unable to pass on the increased cost of production. If cotton prices continue to rise, mills will be forced to raise yarn selling prices. However, they are facing subdued demand from the downstream industry."

In Ludhiana, 30 count cotton combed yarn was sold at ₹255-265 (~$2.98-3.09) per kg (inclusive of GST); 20 and 25 count combed yarn were traded at ₹245-255 (~$2.86-2.98) per kg and ₹250-260 (~$2.92-3.03) per kg, respectively; and carded yarn of 30 count was noted at ₹235-240 (~$2.74-2.80) per kg today, according to trade sources.

The Delhi market also witnessed stability in cotton yarn prices after a rise earlier this week. Prices had increased by ₹2 per kg due to costlier raw materials.

However, buying interest remained weak. Market sources reported that buyers are still uncertain about export orders from the US. The short extension of the tariff pause has not provided sufficient relief to the market, as US buyers are unable to plan their procurement strategies in such a limited timeframe. Additionally, tariff announcements affecting several countries have raised broader concerns for global trade.

In Delhi, 30 count combed knitting yarn was traded at ₹257-258 (~$3.00-3.01) per kg (GST extra), 40 count combed at ₹282-283 (~$3.29-3.30) per kg, 30 count carded at ₹231-233 (~$2.70-2.72) per kg, and 40 count carded at ₹256-258 (~$2.99-3.01) per kg today.

India's home textile hub Panipat also reported muted demand for finished products, which in turn discouraged raw material procurement. Recycled yarn was traded at previous levels amid sluggish demand. The home textile export season is about to begin, with foreign buyers expected to place orders for year-end sales. However, there has been no noticeable movement in recycled yarn trading so far.

In Panipat, 10s recycled PC yarn (Grey) was traded at ₹75-78 (~$0.88-0.91) per kg (GST paid). Other varieties and counts were noted at 10s recycled PC yarn (Black) at ₹60-65 (~$0.70-0.76) per kg, 20s recycled PC yarn (Grey) at ₹101-103 (~$1.18-1.20) per kg and 30s recycled PC yarn (Grey) at ₹130-135 (~$1.52-1.58) per kg. Cotton comber prices were noted at ₹98-101 (~$1.14-1.18) per kg and recycled polyester fibre (PET bottle fibre) at ₹75-79 (~$0.88-0.92) per kg today.

In north India, cotton prices rose further by ₹10–20 per maund (37.2 kg) following an increase in the auction base price by the Cotton Corporation of India (CCI). This year, the government's trading arm CCI is dominating the market. Private traders and ginners are largely following CCI's lead on prices.

A trader from Punjab noted that private ginners and stockists have negligible cotton stocks, and there has been no significant trade in the private market. Spinning mills are sourcing cotton directly from CCI's stock. According to market sources, demand for cotton is steady, and mills need to keep operations running—although they are not operating at full capacity in yarn production.

Cotton arrivals in north India have dwindled to negligible levels, with total arrivals not exceeding 100 bales across the entire region. Stocked cotton is currently being traded. Cotton prices in Punjab ranged from ₹5,910-5,920 (~$68.97–69.09) per maund of 37.2 kg; in Haryana, ₹5,650–5,730 (~$65.94–66.76); in upper Rajasthan, ₹5,930–5,950 (~$69.20–69.44). In lower Rajasthan, prices stood at ₹54,700–56,400 (~$638.36–658.20) per candy of 356 kg.

Source: fibre2fashion.com– July 10, 2025

HOME

****