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USD	EUR	GBP	JPY
86.00	100.32	115.78	0.58

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INTERNATIONAL NEWS

US port volumes dip in May; tariff uncertainty clouds outlook: NRF

Import cargo volume at the US' major container ports is expected to rebound this month after a double-digit drop in late spring but is forecast to fall again after previously paused tariffs take effect, according to the Global Port Tracker report released by the National Retail Federation (NRF) and Hackett Associates.

"The tariff situation remains highly fluid, and retailers are working hard to stock up for the holiday season before the various tariffs that have been announced and paused actually take effect," said Jonathan Gold vice president for supply chain and customs policy at NRF. "Retailers have brought in as much merchandise as possible ahead of the reciprocal tariffs taking effect, and the latest extension to August 1 is greatly appreciated."

"Nonetheless, uncertainty over tariffs makes it increasingly difficult for retailers to plan, especially small businesses that have no capacity to absorb tariffs. Tariffs are paid by US companies, not foreign countries or businesses, and ultimately drive-up prices for American families while impacting the availability of products," added Gold. "It is vital for the administration to finalise negotiations with our trading partners and provide stability and certainty for US retailers."

The report stated that US President Trump recently signed an executive order delaying 'reciprocal' tariff until August 1 but also announced tariffs of up to 50 per cent on more than a dozen countries. The President indicated that he would send out additional letters to other countries. There are also questions about what happens with tariffs on China in August even though a deal was recently concluded.

"A flurry of tariff-related announcements from the Trump administration has only served to further increase supply chain uncertainty," said Ben Hackett, founder of Hackett Associates. "The global supply chain functions best in a trade environment that is smooth and predictable. Instead, it has been forced to contend with erratic policies and geopolitical volatility."

US ports covered by Global Port Tracker handled 1.95 million twenty-foot equivalent units (TEU)—one 20-foot container or its equivalent—in May, the latest month for which final data is available. That was down a sharp 11.8 per cent from April and down 6.4 per cent YoY. It was also the first YoY decline since September 2023 and the lowest volume since 1.93 million TEU in May 2024.

Ports have not yet reported numbers for June, but Global Port Tracker projected the month at 2.06 million TEU, up 5.9 per cent from May but down 3.7 per cent year over year. July is forecast at 2.36 million TEU, up 2.1 per cent year over year; August at 2.08 million TEU, down 10.4 per cent year over year, and September at 1.82 million TEU, down 19.9 per cent year over year for the lowest monthly total since 1.87 million TEU in December 2023.

October is forecast at 1.81 million TEU, down 19.2 per cent year over year, and November at 1.7 million TEU, down 21.3 per cent for the lowest total since 1.78 million TEU in April 2023. While the falling aggregative totals in August through November are related to tariffs, the large YoY percentage declines are partly because imports in late 2024 were elevated due to concerns about East Coast and Gulf Coast port strikes.

The current forecast would bring the first half of 2025 to 12.63 million TEU, up 4.5 per cent YoY. That's better than the 12.54 million TEU forecast last month, but still below the 12.78 million TEU forecast earlier this year before the April tariffs announcement, added the report.

Source: fibre2fashion.com– July 14, 2025

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Uncertainty over AGOA puts African apparel exports at risk

Lesotho, a small country in Southern Africa, has been hit with a punitive tariff of 50 per cent for its goods sold to the US—a decision that has stunned officials given the country's longstanding reputation as a model beneficiary of the African Growth and Opportunity Act (AGOA).

Lesotho's economy is heavily reliant on its textile (& apparel) industry, which was largely built through AGOA incentives. The sector is the nation's largest private employer, providing around 40,000 jobs—most held by women—and accounts for approximately 90 per cent of its manufacturing exports, according to Oxford Economics. Garments produced in Lesotho, including those for brands like Levi's and Wrangler, represent a significant portion of exports to the US and contribute nearly 10 per cent to the country's GDP of just $2 billion.

Last Thursday (July 10), Lesotho declared a national state of disaster following a sharp rise in youth unemployment and factory layoffs directly linked to the new tariffs. Factory owners such as Kobeli, which has already let go of 200 workers producing for the US market, warn of even more severe impacts if the trade restrictions continue.

With AGOA set to expire on September 15 this year, concerns are deepening across sub-Saharan Africa (SSA), particularly among textile and apparel producers who depend on duty-free access to the US.

Cornerstone of US-Africa trade

Enacted in 2000, AGOA is a non-reciprocal trade preference programme that allows eligible SSA countries to export over 1,800 product categories to the US market without incurring duties. While the programme spans various sectors—including agricultural goods, vehicles, base metals, and processed foods—the textile and apparel industry has been its most visible success story.

This is largely due to the third-country fabric provision, which enables African manufacturers to import raw materials (such as Chinese fabrics) and still qualify for AGOA's duty-free status. This has been especially crucial for smaller, lower-income countries without strong upstream textile industries.

As of 2025, 32 African nations are AGOA-eligible, and many have built export industries around the benefits provided by the agreement.

Towards self reliance

Experts and policymakers across the continent meanwhile argue that African nations must stop relying solely on external preference schemes like AGOA.

The African Continental Free Trade Area (AfCFTA) has a framework to transform the continent's trade landscape by reducing internal trade barriers and integrating African economies.

If effectively implemented, the World Bank projects it could boost intra-African trade by 81 per cent and lift 30 million people out of extreme poverty by 2025.

At the same time, many countries are preparing to diversify their trade relationships, deepening ties with China, India, the EU, and Gulf States while ramping up engagement with the Global South.

The AGOA programme has been instrumental in creating jobs, diversifying economies, and nurturing US-Africa economic ties. But the Trump administration's aggressive trade policies—combined with reduced USAID funding and a broader inward turn—risk unravelling these hard-won gains.

If AGOA is not renewed or is replaced with a watered-down version, African countries will likely pivot towards regional integration, new global alliances and greater economic self-reliance.

While this could accelerate long-term reforms and diversification, the short-term costs will be high—in terms of jobs, revenue and stability.

Source: fibre2fashion.com – July 13, 2025

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UK's clothing imports up 15% to $1.93 bn in May 2025

The UK's clothing imports increased by 15.26 per cent to £1.435 billion (~$1.938 billion) in May 2025, up from £1.245 billion in May 2024. Imports also rose by 7.89 per cent compared to April 2025, when they stood at £1.330 billion. Imports of textile fabric also increased year-on-year (YoY), but fibre imports declined slightly, according to the UK's Office for National Statistics (ONS).

In May 2025, textile fabric imports rose by 8.99 per cent to £497 million from £456 million in May 2024. However, fibre imports fell to £28 million from £33 million a year earlier. In April 2025, textile fabric imports were recorded at £445 million, while fibre imports stood at £33 million. Textile fabric imports were up month-on-month, while fibre imports declined.

In the first quarter of 2025, the UK's clothing imports totalled £4.075 billion (~$5.408 billion), marking a 10.28 per cent increase from £3.791 billion in the first quarter of 2024. However, this was a decline from the £4.791 billion recorded in the fourth quarter of 2024. Fabric imports during Q1 2025 were valued at £1.399 billion, while textile fibre imports reached £88 million. In the same quarter of 2024, fabric imports were £1.308 billion, and fibre imports stood at £86 million. During Q4 2024, the UK imported fabric worth £1.424 billion and fibre worth £103 million.

For the full year 2024, the UK's clothing imports declined by 7.06 per cent to £14.612 billion (~$18.394 billion) compared to the previous year. Textile fabric imports fell by 4.35 per cent to £5.341 billion, while fibre imports decreased to £378 million.

In 2023, the UK's clothing imports totalled £15.702 billion (~$20.33 billion), representing a sharp decline of 25.94 per cent from £21.203 billion in 2022. Fabric imports fell to £5.547 billion from £6.357 billion, while fibre imports declined to £413 million from £562 million. For reference, in 2021, the UK imported £17.034 billion in clothing, £5.996 billion in fabric, and £458 million in fibre.

Source: fibre2fashion.com– July 14, 2025

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Trump imposes 30% tariff on imports from Mexico, EU starting Aug 1

US President Donald Trump has announced a sweeping 30 per cent tariff on all imports from Mexico and the European Union, set to take effect on August 1, 2025. The move follows unsuccessful negotiations with both trading partners over broader trade reforms.

In separate letters posted on Truth Social, President Trump cited persistent trade deficits and unfair practices as justification for the tariffs.

Addressing Mexico's President Claudia Sheinbaum, Trump stated the tariffs would apply to all Mexican goods entering the US, excluding items manufactured domestically in the US. He also warned that any retaliatory tariff from Mexico would result in a proportional increase above the 30 per cent base rate.

In a parallel letter to European Commission President Ursula von der Leyen, Trump criticised the EU's tariff and non-tariff barriers, calling the trade relationship "far from reciprocal". He justified the 30 per cent rate as being "far less than what is needed" to correct the trade imbalance with the EU.

President Trump indicated that the new tariffs would not apply to goods produced within the US by Mexican and EU firms. He emphasised that his administration would streamline the approval process for such investments, promising quick, professional, and routine clearances—potentially within just a few weeks—to encourage domestic manufacturing.

The new tariffs are in addition to existing sector-specific duties and will also apply to goods transhipped through third countries to avoid the higher levy.

Source: fibre2fashion.com– July 12, 2025

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Vietnam got an early trade deal with Donald Trump. Was it worth it?

For Thanh Cong Garment, a Vietnamese supplier to apparel companies including Adidas, Calvin Klein and Columbia, a trade deal to avoid the worst of US President Donald Trump's tariffs should have been a huge relief.

Vietnam was one of only two countries that Trump said has clinched a deal with the US by a July 9 deadline to avoid his so-called reciprocal tariffs. This week, many of its neighbours received letters from the White House threatening, in some cases, higher levies.

But the company was left puzzling over the lack of detail in the agreement. Trump announced a blanket 20 per cent tariff rate, down from an initial threat of 46 per cent, but neither Vietnam nor the US has provided further details or released a final version of a trade agreement.

Hanoi has also not confirmed the new tariff rate, saying only that the two sides had reached a "fair and balanced reciprocal trade agreement framework", raising further uncertainty for companies.

The US side also included a clause threatening a 40 per cent rate on goods "transshipped" — or rerouted — through Vietnam, though it did not define transshipment. But the clause has stoked concerns among businesses that they will be penalised for using Chinese inputs, which are critical to supply chains in Vietnam.

Tran Nhu Tung, the company's chair, noted that the 20 per cent base rate was not much higher than the 15-17 per cent import tax currently paid by Vietnamese garment makers. But the transshipment clause could prove to be a huge challenge.

"For the products that [have] materials from China but manufactured in Vietnam, what is the tariff to export to the US? 20 per cent or 30 per cent or 35 per cent?" said Tung. "We need to wait."

Vietnam, one of the biggest suppliers of apparel, shoes, electronics and other products to the US, became a manufacturing powerhouse in recent years, attracting the likes of Apple, Nike and Samsung as companies rushed to relocate production out of China to avoid blowback from geopolitical tensions.

Many of those companies are clambering to figure out the new trade deal will work — and whether by moving quickly, Vietnam has scored favourable terms or hemmed itself in.

"There is a sigh of relief that at least we know what the answer is for Vietnam . . . but there is still quite a lot of uncertainty in the agreement that exists right now," said Rich McClellan, founder of the RMAC Advisory, whose clients include companies and the Vietnamese government.

The transshipment clause is "the most ambiguous and most potentially risky portion of this agreement", he added.

Vietnam has a lot at stake. One of the world's most trade dependent countries, with an exports-to-GDP ratio of nearly 90 per cent, a third of its exports go to the US alone, making a higher tariff rate a significant risk for economic growth.

Its trade surplus with the US has surged in recent years to $123bn in 2024, the third-largest behind China and Mexico.

The country also drawn accusations of serving as a conduit for Chinese companies seeking to avoid Washington's tariffs. A large amount of manufacturing investment in Vietnam has come from China, which accounted for almost one in three new projects last year.

Experts say the Trump administration's definition of transshipment could refer to a range of practices from simply repackaging Chinese goods with a counterfeit "made in Vietnam" label or to using Chinese raw materials in goods manufactured in Vietnam.

"The impact may be more limited if these 40 per cent tariffs are enforced solely for the most egregious practices of plain diversion of trade to avoid US tariffs," said MUFG analyst Michael Wan.

"In contrast, if there is a stricter determination of transshipment defined as a certain threshold of foreign value added, the impact . . . may be pronounced."

Given the Trump administration's interest in isolating China, businesses fear a wider definition. This would be extremely damaging for Vietnam, where many businesses rely on Chinese raw materials and components, and warned that removing them would be impossible.

"That is not realistic, that does not take into account how global supply chains work," said one American businessman in Hanoi. "It's not just impossible for Vietnam. It's impossible for everybody."

Another big unknown is how Vietnam's tariff rate will compare with those of its neighbours — a difference that will be critical to Vietnam retaining its competitive advantage as a manufacturing hub. Trump has set a new deadline of August 1 for countries to come to an agreement with the US.

"Whether the negotiated tariff is ultimately a win or loss for Vietnam will largely depend on whether other 'China plus one' markets secure similar deals," said Marco Förster, Asean director at Dezan Shira & Associates.

Official data for the first half of the year shows FDI increased nearly a third to $21.5bn, suggesting that investment had not been scared off by the tariff uncertainty. Vietnam also has an edge in certain incentives and cheaper costs for producers.

But Steve Greenspon, founder of US home goods retailer Honey-Can-Do, warned that even "a 20 per cent tariff will result in higher prices and inflation on goods".

"This will certainly lead to reduced demand for goods, hurting American businesses and jobs," he said. "Companies will continue to produce their products in Vietnam, though at a lower pace than prior to the tariffs."

Click here for more details

Source: ft.com– July 13, 2025

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Mexico calls US tariff move unfair; EU reiterates commitment to talks

Responding to President Donald Trump's announcement to impose 30-per cent tariffs on exports from the European Union (EU) and Mexico starting August 1, the former has reiterated its commitment to negotiations, while the latter rejected the move, terming it ‘unfair’ and unacceptable.

Trump made the announcement yesterday on his Truth Social platform, citing a trade imbalance with the EU and Mexico’s alleged role in the flow of illicit drugs into the US.

A joint statement from Mexico’s economy and foreign ministries labelled the US move an ‘unfair deal’. “We mentioned at the table that it was an unfair deal and that we did not agree,” the statement read.

But Mexican President Claudia Sheinbaum is reportedly still optimistic that a deal can be reached with the United States.

European Commission chief Ursula von der Leyen cautioned that the US tariffs would “disrupt essential trans-Atlantic supply chains, to the detriment of businesses, consumers and patients on both sides of the Atlantic.”

The EU would prefer a negotiated settlement, and “we remain ready to continue working towards an agreement by August 1,” she said.

But if talks failed, “we will take all necessary steps to safeguard EU interests, including the adoption of proportionate countermeasures,” she said, adding that the EU’s trading practices remain among the most open and fair globally.

"The EU has consistently prioritized a negotiated solution with the US, reflecting our commitment to dialogue stability, and a constructive transatlantic partnership," she said. Brussels has already drawn up a retaliatory tariff package worth €21 billion, which remains suspended until July 14.

The EU "remains firm, united and ready to protect (its) interests", European Council President Antonio Costa said, adding that “tariffs…fuel inflation, create uncertainty and hinder economic growth”.

Meanwhile, condemning the US decision, French President Emmanuel Macron called on the bloc to "resolutely defend European interests" and "step up the preparation of credible countermeasures by mobilising all instruments at its disposal" if the two sides failed to reach agreement by August 1, a global newswire reported.

Spanish Prime Minister Pedro Sanchez called the tariffs unjustified. "Economic openness and trade create prosperity. Unjustified tariffs destroy it. That is why we support and will support the Commission in its negotiations to reach an agreement with the US before August 1," he said.

"A pragmatic outcome to these negotiations must be reached quickly," Germany's economy minister Katherina Reiche said in a statement.

EU diplomats will discuss the US tariff issue at an emergency meeting in Brussels today to assess next steps.

Source: fibre2fashion.com– July 13, 2025

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How the tariff turbulence is hitting Southeast Asia

The tariff upsurge initiated by US President Donald Trump, notably against China, has been viewed as a protectionist strategy to safeguard American jobs and trade deficits. Like a stone thrown into a pond, the US tariffs have sent ripple effects far beyond the borders of the US. The economies of the Global South are the most affected, including many countries in Asia, Latin America, and Africa, with emerging markets, export dependencies, and developing infrastructures.

The tariff turbulence, created due to the imposition of high tariffs by Donald Trump on China, has disrupted the economic stability and development trajectories of countries in ASEAN. These economies are not bystanders in global trade tensions; they are intensely involved in global pricing and the global value chain.

Nevertheless, Southeast Asian economies are now being squeezed by Chinese exports on one hand and US tariffs on the other. Chinese goods that were originally targeted for the US markets now have to find new markets because of the US imposition of high tariffs on Chinese exports. And the obvious markets are in Southeast Asia. Therefore, when titans clash, the tariff turbulence hits ASEAN.

According to an article co-authored by former Indonesian Minister of Trade Mari Pangestu, Southeast Asia is about to be hit by a tsunami of cheap Chinese goods. A high influx of Chinese goods into the Indonesian market will adversely affect the job market as well as the manufacturing industries of Indonesia.

China has a massive comparative advantage in textile manufacturing industries due to its substantial technological command, which makes it almost impossible for Indonesian textile industries to compete with China.

For instance, the dumping of cheap Chinese fabric in Indonesia is often cited as one of the main reasons behind the decline and subsequent closure of Indonesian textile giant Sritex on March 1. Thus, Indonesia faces the biggest challenge in its domestic market from the dumping of Chinese goods.

US tariffs on Chinese goods will also have a hostile impact on Malaysia's solar panel manufacturing industry. Although the US was initially a stronghold of solar module manufacturing, things changed in 2010 when China acquired a comparative advantage, leading to the shutdown of many US solar panel manufacturing plants.

The Biden administration has tried to support this industry through subsidies and announced tariffs on solar panel imports from Southeast Asia of up to 271 percent, citing anti-dumping and anti-subsidy grounds. These tariffs have been increased further under the Trump administration. As a result, many of China's leading solar manufacturing companies are closing or cutting back the operations of their plants in Malaysia.

China has also announced the shutdown of solar panel manufacturing operations in Thailand and Vietnam. Experts say that Chinese exports have already put some Malaysian industries out of operation, and US tariffs will have a further detrimental impact. Some of the tariff exemptions can partially protect semiconductors, which are Malaysia's largest export category to the US. Nonetheless, new tariffs will still negatively impact many other Malaysian industries such as furniture, textiles, rubber, plastics, etc.

According to Chinese customs data, China's largest export market in 2023 was ASEAN, with an annual value of $523.7 billion. Since the Chinese economy is not growing as fast, China needs to increase its exports and investment in ASEAN. However, rising Chinese exports are exerting significant pressure on ASEAN's domestic manufacturers. Thus, the relationship between China and ASEAN is becoming more complex.

Southeast Asian countries are also experiencing high imports of various low-cost Chinese products through Chinese e-commerce giants such as Temu, Shein, and apps like Lazada, owned by Alibaba, which compete extensively with local manufacturers.

The range of Chinese commodities that Malaysian consumers can buy has been growing. Apart from the consequences of US tariffs on China, challenges such as overcapacity of Chinese manufacturers, the slowdown of the Chinese economy, and reduced consumer spending in ASEAN have led to increased exports of Chinese products to significant parts of Southeast Asian markets.

To address this situation, Indonesia, ASEAN's largest economy, is strengthening its anti-dumping legislation. Moreover, the Indonesian government is looking to impose duties of up to 200 percent on Chinese imports. It has already banned e-commerce firm Temu over fears that its small enterprises could be destroyed.

Meanwhile, Temu suspended operations in Vietnam in December 2024, amid a crackdown on e-commerce platforms. In Thailand, 58 products, including steel and furniture, have been identified as targets for anti-circumvention duty. To manage low-cost imports and protect local manufacturers, Thailand introduced a seven percent VAT on imported goods below $40. This has led to a 20 percent reduction in imports in this category, particularly from China.

In 2024, the US overtook China as Southeast Asia's largest export market. However, access to US markets is under greater threat under the current Trump administration. US decisions may give global companies more reasons to increase investment in Southeast Asia due to their stable and growing domestic markets, increasing income per capita, and business-friendly atmosphere towards all parties.

According to World Bank and IMF projections, ASEAN as a whole is likely to grow faster than China over the next three years due to its growing economies. Moreover, ASEAN economies have attracted Chinese overseas investment for a variety of reasons, including proximity, FTAs, historical relations, and Chinese support regarding new technology, capital, and trading partnership.

Despite the advantages, a high influx of Chinese goods into the Southeast Asian market will heavily affect local manufacturers, resulting in large-scale job losses and the shutdown of local infant industries, leading to trade friction with China. Therefore, with pressure from both superpowers (the US and China), should Southeast Asia be optimistic about its economic growth in 2025?

Source: thedailystar.net– July 13, 2025

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Bangladesh: Apparel exports to US rose 14% in FY25

Bangladesh's garment exporters registered the highest growth in shipments to the United States (US) in the just-concluded 2024-25 fiscal year, thanks to the shifting of work orders from other countries, mainly China.

Bangladesh shipped $7.54 billion worth of apparel to the US in the last fiscal year, posting a 14 percent year-on-year growth.

With the spike, the share of exports to the US in overall garment shipments edged up nearly one percentage point to 19.18 percent year-on-year in FY25, according to the Export Promotion Bureau (EPB).

"Many American buyers increased sourcing from Bangladesh in the last fiscal year after shipments from Vietnam got stuck. US trade tensions with China also made some buyers source from us," said Shams Mahmud, managing director of Shasha Denims Ltd, a leading apparel exporter.

In FY25, woven garments accounted for the majority of the shipments to the US, the single biggest market for Bangladesh. Exports of woven items grew 13 percent year-on-year to $4.94 billion in FY25.

But knitwear makers' exports soared 15 percent year-on-year to $2.59 billion during the period.

Overall, Bangladesh sent over $39 billion worth of apparel in FY25, posting nearly a 9 percent growth.

The European Union (EU) bought half of the garments sold by the South Asian country, the world's second-largest apparel exporter after China.

In FY25, garment exports to the EU expanded 9 percent year-on-year to $19.7 billion.

Within the EU market, where Bangladesh's goods get duty-free entry, Germany was the biggest destination, followed by Spain, France, and the Netherlands, according to EPB data.

Apart from the US and EU, the UK, Canada, and Japan were the largest markets for apparel in the last fiscal year.

Mohiuddin Rubel, managing director of Bangladesh Apparel Exchange, an initiative to promote local apparel and textiles, said that since the onset of Covid-19, the global landscape has taken unexpected turns, presenting a cascade of new challenges each day.

"Our performance remains robust in the traditional markets, boasting an impressive 84 percent share of our total apparel exports. However, the non-traditional market tells a different story, with our current stake standing at a modest 16 percent." Exporters define the EU, US, UK, and Canada as traditional markets, while the rest—including Japan, Australia, and India—as non-traditional ones.

According to the EPB, Bangladesh's RMG exports to non-traditional markets increased 6 percent year-on-year to $6.44 billion in FY25.Rubel said the US economy recovered faster than the EU. Besides, US purchases from China declined, which benefitted Bangladesh. "We invested in factories and compliance. Now, a lot depends on the resolution of the tariff issue with the US," he said, referring to the government's negotiation with the Trump administration over its plan to impose a 35 percent tariff on Bangladesh's exports.Mahmud said the worst-affected countries would focus on the EU markets because of Trump's tariffs.

"So, there will be a knock-on effect, and a price war may unfold in the EU market," he said. "In the US, consumer demand is likely to shrink due to the higher import cost. A price war is also likely in the American market." Bangladesh has positioned itself as a reliable sourcing hub by investing in workplace safety and sustainability, said Tanvir Ahmed, managing director of Envoy Textiles.

"Our cost-efficiency, capacity to handle large-volume orders, and improvements in compliance made a strong case for US brands looking to diversify." In January 2025 alone, exports to the US surged nearly 46 percent year-on-year, reflecting a strong recovery from a low base in early 2024 and renewed confidence among retailers, he said. Buyers facing pressure to maintain competitive pricing also favoured Bangladesh, given its low production costs and readiness to supply both woven and knit apparel at scale, he added.

Source: thedailystar.net– July 13, 2025

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NATIONAL NEWS

India should avoid rushing for trade agreement with US, say experts

India should avoid rushing into a trade deal with the US that compromises core sectors like agriculture, experts on Sunday said, cautioning that Washington is not sparing even its key partners like the EU.

The US has shot off letters to 24 countries and the European Union (EU) imposing tariffs that are as high as 50 per cent on Brazil. On its key trading partners like the EU and Mexico, 30 per cent duties have been proposed from August 1.

Economic think tank GTRI (Global Trade Research Initiative) said India must recognise that it is not alone in facing US pressure.

The US is currently negotiating with over 20 countries and seeking concessions from more than 90.

"Yet most are resisting because they see these MASALA (Mutually Agreed Settlements Achieved through Leveraged Arm-twisting) deals for what they are politically driven, transactional demands offering no lasting trade certainty," GTRI Founder Ajay Srivastava said.

He added that both the EU and Mexico are major trade partners of the US, and Washington can impose tariffs on them to pressure them into quick deals, India cannot expect a balanced deal.

Another trade expert said India should tread cautiously while negotiating the trade pact with the US.

The expert added that Trump's trade threat is rapidly losing credibility as despite more than three months of pressure, only two countries -- the UK and Vietnam -- have agreed to the USA's one-sided terms.

From Japan and South Korea to the EU and Australia, countries are resisting Trump's trade deals that demand tariff cuts without reciprocal US concessions, mandate guaranteed purchases of American goods, and leave the door open for future tariffs even after a deal is signed, the GTRI said.

A team of Indian trade negotiators will soon visit Washington to further talks for the proposed Bilateral Trade Agreement (BTA).

"India should stay the course and avoid trading away core sectors like agriculture. A hasty deal under pressure could have irreversible consequences, especially when such agreements may not survive the next shift in US politics," Srivastava said.

Source: business-standard.com– July 13, 2025

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India's exports still have room to grow even if Trump walks the talk for 10% additional tariff

Even as India and the United States move closer to concluding a long-anticipated trade agreement, a new report by SBI Research suggests that India has significant room to grow its exports, regardless of whether the deal delivers all it promises.

“We believe that even if the India-US deal doesn’t come up as desired and 10% additional tariffs are imposed on India, there are various avenues for India to diversify its exports,” the report notes.

The note comes as US President Donald Trump signaled that BRICS nations, including India, will “pretty soon” face a 10% tariff under his renewed push for reciprocal trade.

Titled “Tariff Truce on the Horizon: India, USA Set to Seal the Trade Deal”, the report highlights that recent tariff hikes by the US on 23 countries have reshaped global trade dynamics. India, relatively less affected by the new tariff regime, is now well-positioned to capture market share in key sectors such as chemicals, apparel, agricultural goods, and processed foods, both in the US and in tariff-impacted Asian markets.

Chemicals: India's competitive edge

The report notes that India has a revealed comparative advantage (RCA) in chemicals and pharmaceuticals, two segments where countries like China and Singapore currently dominate US imports. With China now facing higher reciprocal tariffs, India has an opportunity to increase its market share.

“If India can capture even 2% of the US chemical import share currently held by China and Singapore, it could add 0.2% to its GDP,” the report estimates. An additional 1% gain from countries like Japan, South Korea, and Malaysia could contribute another 0.1%.

To maximise this opportunity, the report recommends India negotiate for tariffs below 25%, bringing them closer to Singapore’s rate and enhancing price competitiveness.

Apparel: Scope for market share gains

India currently contributes about 6% of US apparel imports. With new US tariffs hitting Bangladesh, Cambodia, and Indonesia, countries that previously enjoyed cost advantages, the report sees a window for India to expand its share.

“Capturing an additional 5% share in US apparel imports could potentially add 0.1% to India’s GDP,” the research states.

This would require improvements in cost efficiency, lead times, and possibly PLI-like support for scale manufacturers in textiles.

New opportunities in Asia

Interestingly, the report notes that India can also benefit from the tariff hikes imposed by the US on Asian countries by expanding exports to those very nations. Products with high potential include:

- Agricultural goods
- Livestock and processed foods
- Waste and scrap (especially metal scrap)
- Animal and vegetable processed products

These markets are likely to seek alternate sourcing as their access to US goods narrows.

Non-tariff opportunities in pharma and AYUSH

The report also identifies non-tariff barriers (NTBs) as a critical area in trade negotiations. It estimates that removal of NTBs in sectors such as generic pharmaceuticals, Ayush products, and processed organic food could add $1–2 billion in Indian exports.

“Currently, regulatory bottlenecks limit exports of Indian generics and traditional wellness products. If addressed, exports in these segments could grow significantly,” SBI Research notes.

India-ASEAN FTA

A significant portion of the report focuses on India’s growing trade deficit with ASEAN nations, which reached $45 billion in FY25, up from $16 billion in FY21. The report flags "weak rules of origin" in the ASEAN-India Free Trade Agreement (AIFTA) as a key reason for the dumping of Chinese goods via ASEAN countries.

“India must work to remove tariff distortions and fix loopholes that are eroding its trade position,” the report warns.

Even if India’s mini trade deal with the US falls short of expectations or involves some concessions, the broader tariff realignment across global markets offers India a chance to reposition itself as a preferred export partner.

As SBI Research puts it, “India has the resilience and sectoral strength to diversify its export base. With appropriate trade and industrial policy support, it can convert global tariff shocks into a strategic advantage.”

Source: economictimes.com– July 14, 2025

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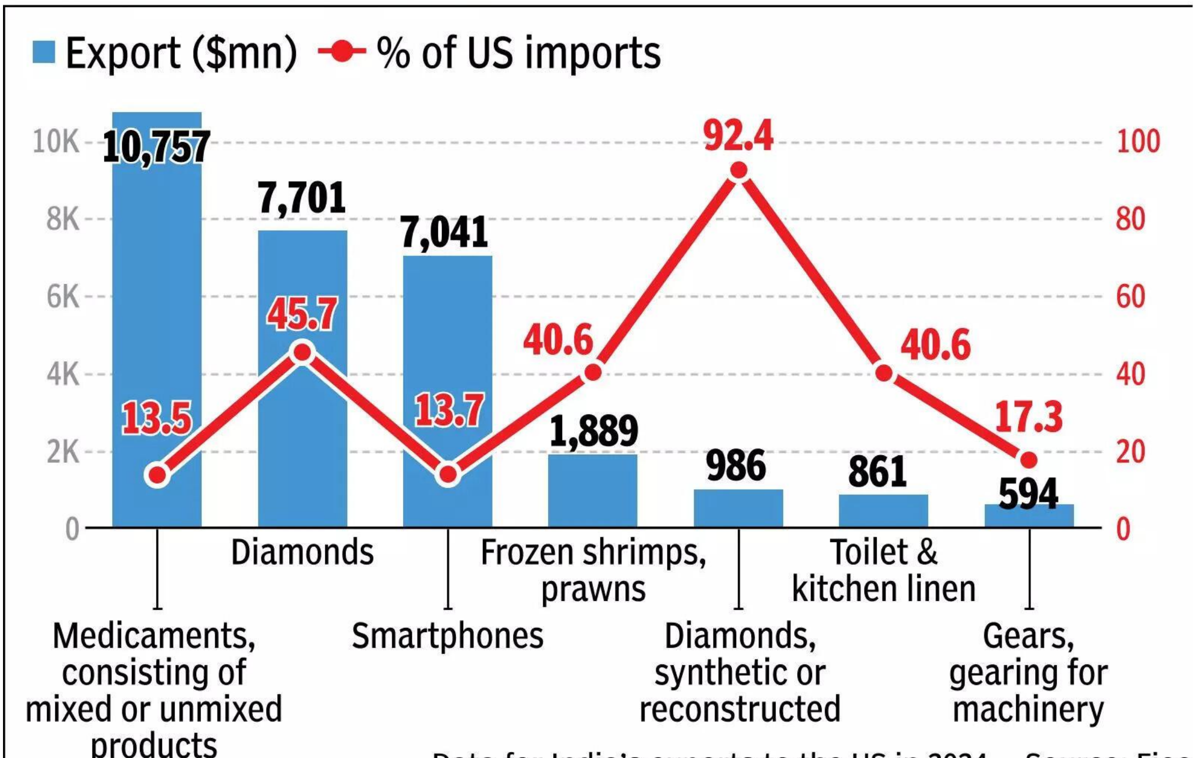
Trade body identifies 300 high potential items for US exports

MUMBAI: Trade body Federation of Indian Export Organisations (Fieo) has identified over 300 "high potential items" for exports to the US, highlighting areas, where the government may want to push for tariff cuts. Overall, Fieo has identified 408 items that are commercially important and strategically stable, accounting for over two-thirds of India's exports to the US. It has suggested trade facilitation and export promotion efforts for these items.

The products range from frozen shrimps and pharmaceuticals to smartphones and diamonds, carpets, toilet linen, milled rice, and natural honey. While some of these items have a significant share of India's exports, such as medicines, India has a large share of the market for products like shrimps, accounting for over 40% of American imports. In contrast, an item like honey is a small fraction of India's overall exports, pegged at $86.5 billion last year, but it is again a quarter of all shipments into the US.

FROM SHRIMPS TO SMARTPHONES



Data for India's exports to the US in 2024 Source: Fieo

The list also includes several textiles products, leather goods, footwear, chemicals, engineering goods, and electric and electronics goods, where Indian exporters have traditionally been strong. In its negotiations, the government has already demanded tariff concessions for several products, especially labour-intensive ones.

Besides, in several cases, such as shrimps and carpets, based on the reciprocal tariff of 26% earlier announced for India, exports would become less competitive as rivals enjoyed a significant edge. A team of Indian negotiators led by Rajesh Agarwal, special secretary in the commerce department, will hold talks with American officials as part of efforts to get a favourable deal for India before Trump's tariffs kick in from Aug 1.

Apart from the uncertainty over a trade deal, especially with India insisting on holding back concessions for several farm goods and dairy products, negotiators face additional challenges with Trump mounting further pressure by threatening additional duties on countries that align with Brics or buy oil from sanction-hit Russia. Besides, a section within the government has said that the tariff demands from the Trump administration are not clear.

Source: timesofindia.com– July 14, 2025

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SEZ amendment Bill may be taken up in monsoon session of Parliament

The Special Economic Zone (SEZ) Amendment Bill — to overhaul the existing two-decade old law — is likely to come up in the monsoon session of Parliament.

Prior to this, the commerce department is set to seek approval of the Union Cabinet for the new Bill to modernise India's SEZ framework.

The proposed changes in the law have been designed to align with the emerging order of global trade, attract investment and boost local manufacturing, a person aware of the matter said.

One of the changes in the existing law aims to allow the sale of products manufactured in SEZs to the domestic market. This would be on a 'duty foregone basis' on raw materials, instead of finished products. At present, SEZs pay full Customs duty, in case a finished product is sold outside these zones, known as domestic tariff area (DTA).

The Bill will allow 'reverse job work'. This means that SEZ units will be able to do a part of the manufacturing process for DTA units.

With the introduction of 'reverse job work', the manufacturers will be able to tackle the seasonality in export demand.

"Both these changes will boost manufacturing, create employment and attract investments. The changes will also see optimum utilisation of idle capacity, considering that the export market can be unpredictable and demand can fluctuate. There has also been long-standing demand from the industry on these issues and they are also prevalent across the world," the person cited above told Business Standard.

Another change will be to allow local companies to make payment in Indian currency in case services are availed from SEZ units.

Under the existing law, payment for services is to be made in foreign exchange. The amendment will make services at par with the manufacturing sector.

Once the Bill gets the nod of the Cabinet, the plan, thereafter, is to introduce it in the monsoon session of Parliament slated to begin next week.

Once passed by Parliament, the new law will replace the existing SEZ Act, 2005, the person said.

SEZs are areas within the country that have different economic regulations and are considered a foreign territory, with primary focus on promoting exports and attracting investments.

The SEZ (Amendment) Bill has been in the works for over two years. The government believes that its performance has not been up to the mark and has not attracted investments in manufacturing.

The changes will also enable easier integration of SEZs with the domestic market. So, firms in SEZs will not lose out due to restricted market access.

During FY25, exports from SEZs grew 7.4 per cent year-on-year to $172.3 billion, according to government data.

Source: business-standard.com– July 13, 2025

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Cotton body CAI sees higher opening stocks for next season at 55.5 lakh bales

Closing stocks of cotton in the country for the current 2024-25 season ending September are estimated to be around 55.59 lakh bales (of 170 kg each) — about 84 per cent higher than the corresponding previous year's 30.19 lakh bales, per trade body Cotton Association of India (CAI)'s latest estimates.

In a statement, CAI President, Atul Ganatra said the cotton pressing numbers for the 2024-25 season is estimated at 311.40 lakh bales — higher than its previous estimate of 301.14 lakh bales on higher crop size.
Higher pressing

The increase is attributed to higher than estimated pressing of the fibre crop in Maharashtra (5 lakh bales), Gujarat and Telangana at 1.5 lakh bales each and 1 lakh bales in Karnataka. Andhra Pradesh, Haryana and Rajasthan have also witnessed a marginal increase in pressing numbers on improved crop arrivals.

CAI estimates the total cotton supply till end June at 356.76 lakh bales, which consists of pressings of 296.57 lakh bales, imports of 30 lakh bales and opening stock of 30.19 lakh bales. Consumption till end-June stood at 233.5 lakh bales, while exports were estimated at 15.25 lakh bales.

Stocks at the end of June 2025 is estimated at 108.01 lakh baless. This includes 32.00 lakh bales with textile mills and the remaining 76.01 lakh bales with CCI, Maharashtra Federation and others (MNCs, traders, ginners, exporters, etc) including cotton sold but not delivered.

Output rises

CAI has estimated the total cotton supply till end of the cotton season 2024-25 at 380.59 lakh bales against the earlier projection of 370.34 lakh bales on higher production in some States.

Domestic consumption for the season is seen marginally higher at 308 lakh bales against the earlier projection of 305 lakh bales, while exports are projected at 17 lakh bales. In fact, the exports are seen lower by 40 per cent this season over corresponding last year's 28.36 lakh bales.

Imports of cotton for 2024-25 are pegged at 39 lakh bales, more than double the previous year's estimates of 15.2 lakh bales. Till June end, about 30 lakh bales are estimated to have arrived at the Indian ports, CAI said.

Meanwhile, the sowing of cotton has been progressing well in the key producing States. Till July 7, the fibre crop has been sown on around 79.54 lakh hectares (lh), marginally higher than 78.58 lh a year ago, per Agriculture Ministry data.

Source: thehindubusinessline.com– July 11, 2025

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Ministry of Textiles engages experts to survey Uppada Jamdani saree weaving, aims to support handloom weavers in Andhra Pradesh

The Ministry of Textiles has engaged experts from the South Zone Weavers' Service Centre (WSC), Chennai, to conduct a fresh survey on the condition of Uppada Jamdani saree weaving and the socio-economic status of handloom weavers on the Uppada coast in Kakinada district.

The Uppada Jamdani technique, registered under the Geographical Indications (GI) Registry in 2009, restricts production to the Uppada region. Noted for its double-sided motifs, the craft relies on the dexterity of young girls, whose sharp eyesight enables precise movement of yarn across warp and weft.

In a release, Kakinada MP Tangella Uday Srinivas said: "Union Textile Minister Giriraj Singh has been briefed about the Uppada Jamdani craft. He has directed WSC-Chennai to assess the challenges faced by the weavers and other stakeholders."

Design & Development Focus

"The State has proposed ₹12 crore assistance under the National Handloom Development Programme (NHDP), with ₹3 crore in matching funds. Mr. Giriraj Singh has assured support from the Centre after the WSC submits its report," said Mr. Uday Srinivas.

NHDP (2022–26) aims to strengthen the handloom sector through design innovation, raw material subsidies, and better market access. In Uppada, nearly 80% of weavers are women from the fishing community. Many traditional weavers have shifted roles to become master weavers, investing in Jamdani saree production.

Cooperative Collapse

The lone handloom cooperative in Uppada has halted saree production, citing a lack of active weavers. By 2022, only one weaver remained with the society.

Currently, no Jamdani saree designer resides within the GI region, forcing master weavers to depend on local fisherfolk for motifs. The craft was earlier revived in the late 1980s by WSC-Vijayawada. “Over 700 people involved in weaving will benefit if the Centre extends NHDP aid,” said Mr. Uday Srinivas. The future of the craft and its artisan community now hinges on the WSC’s recommendations.

From 2019 to 2024, the Andhra Pradesh government provided ₹24,000 annually to each handloom family operating a loom.

Source: thehindu.com– July 13, 2025

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