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USD	EUR	GBP	JPY
86.25	100.34	115.78	0.58

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INTERNATIONAL NEWS

Global economic outlook resilient so far, but far from certain: IMF

Downside risks continue to dominate the International Monetary Fund's (IMF) global economic outlook and uncertainty remains high, according to the organisation's first deputy managing director Gita Gopinath.

Policymakers should focus on resolving trade tensions and implementing macroeconomic policies to address underlying domestic imbalances, she told the third meeting of the G20 Finance Ministers and Central Bank Governors held at KwaZulu-Natal, South Africa, recently.

This includes restoring fiscal space and ensuring debt is on a sustainable path. To maintain price and financial stability, monetary policy must be carefully calibrated to country-specific circumstances and use clear and consistent communications, she noted.

Central bank independence must be protected. Structural reforms remain essential to lift medium-term growth and offset demographic shifts, by boosting productivity, supporting job creation and leveraging new technologies, she said.

Since April, economic indicators reflect a complex backdrop shaped by trade tensions, she observed. IMF has seen strong evidence of front-loading ahead of tariff increases and some trade diversion, along with an improvement in global financial conditions as select trade deals lowered average tariffs, she added.

Source: fibre2fashion.com – July 20, 2025

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US' textile & apparel import volume rises 6.59% in Jan-May 2025

The US recorded a 6.59 per cent increase in the volume of textile and apparel imports across all fibre types. These imports totalled 40,885.395 million square metre equivalents (SME) during January–May 2025, compared with 38,357.912 million SME in the same period of 2024, according to data from the Office of Textiles and Apparel (OTEXA).

During this period, apparel imports rose by 5.08 per cent to 10,110.969 million SME, up from 9,622.524 million SME in January–May 2024. Imports of textile (non-apparel) products reached 30,774.425 million SME in the same period of 2025, marking a 7.10 per cent increase compared with 28,735.387 million SME in the corresponding period of 2024.

The import volume of cotton products rose by 6.75 per cent to 7,160.121 million SME during the review period, compared with 6,707.670 million SME in the same period of the previous year.

Imports of man-made fibre (MMF) products reached 32,699.481 million SME in January–May 2025, up from 30,649.048 million SME in the same period of 2024, as reported by OTEXA.

Meanwhile, US exports of textiles and apparel made from all fibre types inched up by 1.18 per cent to 902.478 million kilograms during the review period, compared with 891.930 million kilograms in January–May 2024.

US apparel exports increased by 9.37 per cent to 291.436 million kilograms. Fabric exports were recorded at 293.016 million kilograms, reflecting a 3.05 per cent decrease compared with January–May 2024, while yarn exports declined by 4.44 per cent to 351.532 million kilograms. US textile exports remained volatile due to uncertainty surrounding tariff policy.

In 2024, the country's textile and apparel imports by volume grew by 15.23 per cent to 106,636.793 million SME. Of this, apparel imports rose by 5.95 per cent to 25,766.238 million SME, while textile imports surged by 18.54 per cent to 80,870.554 million SME.

Meanwhile, US exports of textiles and apparel declined by 2.15 per cent to 2,149.686 million kilograms during the year. Apparel exports fell by 1.57 per cent to 681.355 million kilograms, fabric exports dropped by 0.22 per cent to 718.272 million kilograms, and yarn exports decreased by 1.76 per cent to 853.376 million kilograms.

In 2023, the US experienced a 12.28 per cent decline in the volume of textile and apparel imports across all fibre types, with total imports amounting to 92,783.400 million SME.

Source: fibre2fashion.com– July 21, 2025

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Uncertainty of U.S. Cotton Crop Extends Dull Market

It was a good week for cotton.

The market settled 126 points higher at 68.68 cents, basis the December 2025 ICE contract. The market pushed above 69 cents several times during the week's trading but was unable to hold that level at the close. Nevertheless, prices remain caught in a very narrow 250-to-325-point trading range in an otherwise rather dull market.

The market did establish a yearly low in trading volume on Wednesday (July 15). The 65-cent level can be viewed as the absolute low unless the High Plains/Rolling Plains is hit with unexpected bimonthly showers. The principal fundamental supporting prices at the current level is the uncertainty of the U.S. crop.

Massive price resistance exists between 69.50 and 71.50 cents, and any trip into that price range will be based on increased market concerns about dry weather across the vast dryland Texas/Oklahoma Rolling Hills and the irrigated West Texas crop. Any movement to 70 cents will be hit with considerable grower hedging: thus, a difficult challenge to the market's ability to push above that level.

The 70-cent level sits with a heavy, heavy cap on the market. The 70-cent mark offers Brazilian growers 5 to 7 cents per pound above breakeven, while 70 cents is the bare minimum for the U.S. growers to breakeven. Most U.S growers view the cost of production in the 75-cent area (and higher).

The recent passage of the One Big Beautiful Bill represents the only direct assistance to the U.S. cotton industry. The successful tariff negotiations, while establishing a framework that would allow cotton rich goods into the U.S. at zero to minimal tariff levies, will not specifically promote cotton. Cotton promotion is left to the cotton industry itself. Specifically, neither the new legislation nor tariffs increase the price of any cotton good imported into the U.S.

The demand for cotton apparel potentially will benefit from the very much improved U.S. economic recovery. Historically, that has boded well for cotton. U.S. economic data continues to point to the beginning of a very robust long-term outlook for the U.S. economy.

Based on monthly and even year-to-date statistics, the U.S. rate of inflation has slowed significantly and the consumer is again leading the charge to increased economic activity. The U.S. is at full employment (3-4% unemployment has always implied full employment due to the transitory nature of the workforce). Additionally, U.S. Department of Commerce data indicates a wealth of job openings going unfilled for lack of applicants.

A long-term view of fundamentals is not favorable. However, time will allow for price improvement. Same year ago export sales lag the prior year by some 500,000 bales. On-call sales favor lower prices. The lower export sales figure suggests USDA has overestimated 2025-26 export sales just as they did 2024-25 export sales. My estimates suggest they have.

The growing imbalance in on-call sales and on-call purchases is not unusual this time of year, but the imbalance is greater than usual. We will keep an eye on that.

It is too early to say, but mills are suggesting they "know" prices will move lower. Certainly, their pricing strategies suggest so. Mills complain of very poor margins, but they always do. Yet, the imbalance in the on-call report is a mild barometer that mills will delay both purchases and pricing, and that is not a good recipe to break above the 71-cent level.

Give a gift of cotton today.

Source: cottongrower.com– July 18, 2025

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EU inflation rises to 2.3% as energy prices soften impact

The euro area annual inflation rate increased to 2 per cent in June 2025, slightly up from 1.9 per cent in May, according to Eurostat, marking a decrease from the 2.5 per cent rate recorded a year earlier. Meanwhile, the European Union (EU) annual inflation reached 2.3 per cent in June, compared to 2.2 per cent in the previous month and 2.6 per cent a year ago.

Among EU Member States, the lowest annual inflation rates were observed in Cyprus (0.5 per cent), France (0.9 per cent), and Ireland (1.6 per cent). The highest rates were registered in Romania (5.8 per cent), Estonia (5.2 per cent), and both Hungary and Slovakia (4.6 per cent each), Eurostat said in a press release.

Compared with May 2025, annual inflation decreased in five member states and increased in twenty-two, highlighting a broad-based uptick in price pressures.

In terms of components, non-energy industrial goods contributed +0.13 percentage points to the annual euro area inflation rate, while energy had a dampening effect with -0.25 percentage points.

Source: fibre2fashion.com– July 21, 2025

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UK Economic Index down in May, outlook remains positive

The Conference Board (TCB) Leading Economic Index (LEI) for the United Kingdom declined by 0.3 per cent in May 2025 to 74.5 (2016=100), following a 0.4 per cent drop in April. Over the six months from November 2024 to May 2025, the LEI contracted by 1.5 per cent—worsening from the 1 per cent decline recorded in the prior six-month period, indicating sustained economic headwinds.

"The UK LEI continued to slide in May, remaining on a downward trend that started in 2022. May's decline in the UK LEI was driven primarily by weaker consumer expectations, housing sales expectations, and an increase in unemployment claims," said Allen Li, associate economist at The Conference Board.

Meanwhile, the Conference Board Coincident Economic Index (CEI), which reflects current economic conditions, slipped by 0.1 per cent in May to 107.4, offsetting a modest rise in April. The CEI grew by just 0.3 per cent over the past six months, marking a sharp slowdown compared to 1 per cent growth in the previous half-year, TCB said in a release.

"Overall, the components breakdown suggests that the current headwinds are concentrated in the consumer sector and the labour market amid elevated inflation and economic uncertainty. Despite recurring monthly declines, the 6-month growth rate of the UK LEI remained above the recession threshold, and there was no warning signal either in May, as the diffusion index remained above 50.

Overall, the LEI reading suggests that economic growth in the United Kingdom will likely moderate in the remainder of 2025 but will remain positive. The Conference Board expects UK GDP to grow by 1.3 per cent in 2025, after 1.1 per cent in 2024," Li added.

Source: fibre2fashion.com– July 21, 2025

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Trump reiterates threat of levying 10% tariff on BRICS members

US President Donald Trump yesterday reiterated his threat of levying a 10-per cent tariff on imports from BRICS group members, saying the group of developing nations would end very quickly if they ever formed in a meaningful way.

Trump announced the new tariff on July 6, saying it would apply to any countries aligning themselves with what he termed the 'anti-American policies' of the BRICS group. However, BRICS leaders have rejected that allegation.

"When I heard about this group from BRICS, six countries, basically, I hit them very, very hard. And if they ever really form in a meaningful way, it will end very quickly," Trump said without naming the countries. "We can never let anyone play games with us," he was quoted as saying by global newswires.

He is committed to preserving the US dollar's global status as a reserve currency and pledged to never allow the creation of a central bank digital currency in America, Trump said.

Despite Brazil nixing BRICS plans to push for a common currency in February this year, the group is mulling over a cross-border payment system called BRICS Pay that would facilitate trade and financial transactions in local currencies.

The BRICS group expanded last year beyond its core members, i.e., Brazil, Russia, India, China and South Africa, to include other countries like Iran and Indonesia. Leaders at the group's summit in Brazil indirectly criticised US military and trade policies.

Source: fibre2fashion.com– July 20, 2025

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Global spinning machinery market to grow to $9.78 billion by 2034: Report

Valued at $5.89 billion in 2024, the global spinning machinery market is projected to expand to $9.78 billion by 2034. As per a report by Precedence Research, the market is likely to grow at a CAGR of 5.20 per cent from 2025-34, indicating a robust expansion phase for the industry.

Having held the largest market share in 2024, the Asia Pacific region is expected to maintain its leading position and growth trajectory throughout the forecast period.

In 2024, the ring spinning machine segment accounted for the largest share in the global spinning machinery market. However, in future, the air-jet spinning machine segment is anticipated to experience the fastest CAGR during the projection period, suggesting a shift towards more advanced technologies.

The automatic segment dominated in 2024 and is forecast to retain its leading position, highlighting the industry's increasing reliance on automation.

Natural fibers held the largest market share by material type in 2024. However, the blended fibers segment is expected to grow at the fastest CAGR in the upcoming period, indicating a rising demand for composite textile materials.

The apparel and fashion segment captured the largest market share in 2024, reflecting its foundational role in the textile industry. Conversely, the industrial textiles segment is projected to witness the fastest growth between 2025 and 2034, signaling expanding applications beyond traditional clothing.

Source: fashionatingworld.com– July 18, 2025

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Vietnam: Adding value to the fashion industry

Production of textiles for export at Nam Dinh Textile and Garment Joint Stock Corporation.

Besides mainly receiving garment processing, with little investment in modern machinery, the textile and garment industry shoe leather still depends on more than 60% of imported raw materials, so when the supply is interrupted, businesses will be affected.

To promote the development of the fashion industry, it is necessary to soon form zones and clusters. industrial chain investment, especially establishing chain development research centers; design, fashion shows, etc.

Many knots

In the early 1990s, the Vietnamese fashion industry, such as textiles and footwear, mainly processed for Eastern European countries. After that, businesses began to seek their own markets and gradually shifted exports to Western European countries.

By the end of 2000, textile and footwear exports reached more than 3.2 billion USD, accounting for about 35% of Vietnam's total exports, of which textiles reached 1.8 billion USD and footwear reached more than 1.4 billion USD. Industry fashion Vietnam has transformed strongly, becoming one of the five main export industries of Vietnam.

Up to now, the textile and footwear industry continues to be a key industry of the economy with 16,348 enterprises, creating jobs for nearly 5 million workers, accounting for 22% of the industrial workforce; contributing significantly to the development of the labor market, employment and social security.

The export turnover of textiles and footwear in 2024 will reach more than 71 billion USD (textiles and footwear over 44 billion USD, footwear over 27 billion USD), an average growth of 10%/year, accounting for nearly 16% of Vietnam's total export turnover and aiming to exceed the 100 billion USD mark in the coming period.

Over the past 40 years, the fashion industry has become one of the key economic sectors. Chairman of Gia Dinh Group Nguyen Chi Trung said that, in addition to the achievements, there are still many bottlenecks that prevent the fashion industry from catching up with domestic and foreign demands.

Faced with rapidly changing fashion trends, especially the increasingly high and strict requirements of partners and brands, in order to meet market demand and make the most of the opportunities from the free trade agreements that Vietnam has signed, businesses must invest in modern equipment, master the supply of domestic raw materials and accessories, and avoid dependence on imports from foreign countries.

"Only by doing so can we increase product value, enhance competitiveness, and at the same time limit negative impacts and avoid adverse effects from changes in mechanisms and policies brought about by some major markets," Mr. Nguyen Chi Trung emphasized.

Business Director of Bao Minh Textile Company Pham Quang Hai also affirmed: Although the export turnover of the Vietnamese fashion industry always accounts for more than 10% of the total export turnover of goods nationwide and the country is the third largest textile and footwear exporter in the world, the value is low because most businesses do outsourcing, depend on customer orders and import from outside.

That not only limits the initiative to innovate and develop designs of domestic factories, but the advantage of cheap labor will also gradually disappear in the next few years. Therefore, it is necessary to soon solve the bottleneck of raw materials to help businesses proactively produce as well as increase opportunities for linkage, cooperation in product development and promote the export of goods.

Along with that, provinces, cities and the State need to have support mechanisms, attract investment in the fields of fibers, weaving, dyeing, and product finishing so that businesses can confidently invest and increase operational efficiency.

Improve competitiveness

On December 29, 2022, the Prime Minister issued Decision No. 1643/QD-TTg approving the Strategy for the development of Vietnam's textile, garment and footwear industry to 2030, with a vision to 2035, clearly defining the goal of developing the industry effectively and sustainably according to the model. circular economy; perfecting the domestic production value chain, effectively participating in the global value chain; developing a number of regional and world-class brands. To implement the above strategy, the Vietnam Textile and Apparel Association (Vitas) and the Vietnam Leather, Footwear and Handbag Association (Lefaso) have submitted a solution to build a research center to develop the supply chain of the Vietnamese fashion industry in the period of 2026-2030 with the goals of connecting and developing the fashion supply chain; displaying, introducing, testing new raw materials and technologies... However, up to now, the project is still only in the research and planning stage - from there to reality is still too far away.

Lefaso Chairman Nguyen Duc Thuan emphasized that the export target of over 100 billion USD requires the textile and footwear industry to take into account the issue of proactively sourcing raw materials and accessories, and to achieve a domestic raw material ratio of about 70-80% within the next 5 years at the latest. Only then can we cut down on intermediaries, reduce costs, increase product value and improve competitiveness in the market. Mr. Nguyen Duc Thuan also proposed that the Government should boldly create a breakthrough mechanism so that the textile and footwear industry has a center for developing, producing and displaying raw materials, as well as a research center, laboratory, etc.

According to Vice President of Vitas Than Duc Viet, one of the important contents of Decision No. 1643 of the Prime Minister is to develop the supporting industry as well as the centers supplying raw materials for the textile and footwear industries. However, after more than 2 years, the implementation process is currently relatively slow.

Director of the Department of Industry (Ministry of Industry and Trade) Tran Viet Hoa acknowledged that it is necessary to focus on building a research center to develop the supply chain of the Vietnamese fashion industry to transfer technology and act as a bridge between businesses and foreign markets.

Source: vietnamnet.vn– July 21, 2025

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Bangladesh: Frustrated, businesses move to hire lobbyist to cushion US tariffs

Speaking at a roundtable in Dhaka yesterday, Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the government had earlier assured them that discussions with the United States Trade Representative (USTR) were going in Bangladesh's favour.

But it has become somewhat clear to the authorities recently that the final decision will come from the Trump administration, not from the USTR, he commented.

"Why did it take so long for the government to understand this?" Khan raised the question at the dialogue titled "US Retaliatory Tariffs: Which Way Bangladesh Is Heading?".

The event was organised by national daily Prothom Alo at the Pan Pacific Sonargaon Dhaka and brought together leading business figures, economists, and researchers.

The BGMEA president said that if exporters had been made aware of this situation earlier, they could have begun the process of hiring a lobbyist sooner.

"Now, we are trying to appoint a lobbyist. But we are getting limited responses because most are already engaged by other countries."

Bangladeshi goods had been entering the US market with an average duty of around 15 percent until the US administration announced a 37 percent reciprocal tariff. After a 90-day pause on the new rate taking effect, President Donald Trump revised the duty to 35 percent, set to take effect from August 1 unless Dhaka can negotiate a better trade deal.

The new tariff rattles local exporters, especially the apparel-makers, as the US market is the largest single-country destination for "Made in Bangladesh" clothing.

The BGMEA president said that 1,322 of their member factories export to the US. Of them, 100 send 91 to 100 percent of their garments to the American market, while 822 ship just up to 20 percent there.

Now, with the tariff deadline just around the corner, Khan said these factories run on razor-thin profit

Frustrated, businesses move to hire lobbyist to cushion US tariffs margins, between 1.2 and 1.5 percent.

Even a 10 percent tariff could still be bearable, according to him, provided that the US does not offer lower tariffs to Bangladesh's competitors such as India, Vietnam, and Indonesia.

"If it goes above 20 percent, many factories will not survive," he warned, adding that the government had kept the private sector out of the negotiation process.

"Unless the tug-of-war within the bureaucracy [indicating the commerce, finance, and foreign ministries] ends, the private sector will not be able to move forward. We need to negotiate smartly on these retaliatory tariffs," he said.

AK Azad, a prominent exporter to the American market, said he had never seen such uncertainty in his four decades of doing business with the US.
"I was convinced Bangladesh would secure a moderate tariff. However, one of my major buyers recently informed me that the outcome will not be as expected. Buyers are already asking how much of the tariff burden we can absorb," Azad said.

Commenting on the duration of the interim government, Azad asked, "After seven to eight months you will leave, but where will we go then?"

"There is a general perception that someone above us will blow a magic breath and all problems will be solved. That is why we are not being properly evaluated, and no one is even considering appointing a lobbyist," he added.

The government on Saturday said that tariff rates would be decided by the Trump administration, not the USTR.

Addressing the government directly, Azad urged, "If you can, try to make some effort at that level."

Although the government claimed that steps had already been taken quickly, including the appointment of lobbyists, Azad remained unconvinced. "We do not even know how far we can go by appointing lobbyists now," he said.

Debapriya Bhattacharya, a noted economist of Bangladesh, criticised the interim government for signing a non-disclosure agreement (NDA) with the US during the tariff talks.

"By signing a non-disclosure agreement, the government opted for obligation over responsibility," said Bhattacharya.

He noted that no partner country had ever provided an NDA document in Bangladesh's history. A non-paper, an informal document without legal force, would have sufficed and conveyed responsibility without binding commitments, he added.

"Under this agreement, even if Bangladesh appoints a lobbyist, the information cannot be shared with them," said Bhattacharya, a distinguished fellow at local think tank Centre for Policy Dialogue (CPD). He said meaningful trade negotiations require an understanding of the partner country's economic outlook.

"The US economy is gradually losing competitiveness and facing twin deficits -- current account and fiscal. The tariff move aims to cut imports, boost domestic investment, and create jobs. But Trump's assumption is unscientific and unsustainable," he said.

Bhattacharya predicted that inflation in the US would rise and that the impact of tariffs would become more visible ahead of the 2026 midterm elections.

He criticised the interim government for sidelining stakeholders and experts throughout the process.

Trade in services, which currently benefits the US, should have been part of the conversation, he argued. At the same time, he urged urgent domestic reforms, including export diversification, productivity gains, and stronger institutions.

"There is no instance where a weak and uncoordinated government successfully negotiated a major trade deal," he said. "Given its lack of political legitimacy, this government should have involved stakeholders from the outset."

Taking a swipe at the government's handling of the situation, Bhattacharya said, "We are moving forward with an innocent, naive government in muddy lands."

Sharif Zahir, managing director of Ananta Group, said, "We have miserably failed diplomatically to reduce the reciprocal tariff of the US, but still 10 days remain, so we should use every possible way, including the Chief Adviser's connection, to reduce it."

If tariffs remain high, US-centric firms may not survive six months, he warned. "More than 10 lakh people will lose their jobs."

Former finance secretary Mahbub Ahmed acknowledged the government's weak negotiating capacity and called for the inclusion of civil society, experts, and business chambers in the process.

He recalled that similar fears had emerged in the past during the move to a quota-free regime and over the child labour issue. "But the local apparel industry was not destroyed. In fact, it flourished," he said.

Other speakers at the event included Professor Mustafizur Rahman, distinguished fellow of the CPD; Selim Raihan, economics professor at Dhaka University; Syed Nasim Manzur, managing director of Apex Footwear; and Anwar-Ul-Alam Chowdhury, former president of the BGMEA.

Source: thedailystar.net– July 21, 2025

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NATIONAL NEWS

India upbeat on FTAs with Peru, Chile but China causes worry

The China-factor is casting a shadow over India's negotiations for free trade agreements (FTAs) with Peru and Chile, sources have said.

While India is keen to expand its footprint in Latin America through FTAs with the two countries, it needs to negotiate hard for stringent rules of origin to stop Chinese goods getting re-routed and dumped into the Indian market using the trade pacts, a source tracking the matter told businessline.

"India is already worried about Chinese manufacturers misusing the India-AseanFTA to re-route their goods into the Indian market. The Commerce Department is very conscious of a similar risk in case of the proposed FTAs with Peru and China and thus wants to step carefully," the source said.

'Need to prepare well'

New Delhi is set to hold the second round of FTA talks with Chile, and the eighth round of talks with Peru (which got stalled for some time as India recalibrated its FTA strategy) in August and Indian officials are preparing for the travel.

"Both Peru and Chile are eager to conclude the FTA with India fast. But India has to prepare well for the talks. It needs to protect its defensive interests and also guard against third country dumping, particularly from China. So, all necessary safeguards need to be incorporated," the source said.

India also wants to scrutinise the list of demands from both countries to ensure that the items for which market access is being sought is actually manufactured in Peru and Chile, and is not just a couched demand from China, the source added.

Peru and Chile are important destinations for India as it seeks to diversify its export markets with a focus on Latin America to reduce reliance on traditional partners, including the US, the EU and China. In FY25, India's exports to Latin America at $15.17 billion was just about 3.5 per cent of its total exports, while its exports to Chile was at $1.15 billion and to Peru was $ 1 billion

China's presence

China, on the other hand, has a huge presence in Latin America , which is a point of great concern for India. It signed an FTA with Chile in 2005 and one with Peru in 2009 which has been upgraded over time resulting in duty-free/low duty access for a variety of Chinese goods into these markets.

In 2024, Peru imported goods worth $14.53 billion from China, which accounted for 28 per cent of the country's total imports. China's exports include electronic and information technology equipment, steel products, vehicles, and clothing, among other things. Chile's imports from China in 2024 were higher at $20.65 billion.

"India has to prepare hard to fight for a strict ROO in the two FTAs, as these determine which items should qualify as goods originating in the FTA partner country, and hence get preferential access. ROOs are lie firewalls. Although the world is moving towards liberal ROOs, India has to protect its interests," the official said.

Source: thehindubusinessline.com– July 20, 2025

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India-EFTA trade pact to be implemented from Oct 1: Goyal

The free trade agreement between India and the four-nation European bloc EFTA will be implemented from October 1, Commerce and Industry Minister Piyush Goyal said on Saturday.

The two sides signed the Trade and Economic Partnership Agreement (TEPA) on March 10, 2024.

Under the pact, India has received an investment commitment of $100 billion in 15 years from the grouping while allowing several products, such as Swiss watches, chocolates, and cut and polished diamonds, at lower or zero duties.

"India-EFTA TEPA to come into effect from 1st October," Goyal said in a post on X.

The European Free Trade Association (EFTA) members are Iceland, Liechtenstein, Norway, and Switzerland.

The bloc has committed an investment of $100 billion -- $50 billion within 10 years after the implementation of the agreement and another $50 billion in the next five years -- which would facilitate the creation of 1 million direct jobs in India.

This is a first-of-its-kind pledge agreed upon in any of the trade deals signed by India so far.

The commitment is the key substance of the agreement, which took almost 16 years to conclude, for India in return for opening its markets for several products coming from the EFTA nations.

The biggest trading partner of India in the bloc is Switzerland.

India has low trade volumes with the remaining three countries.

In the pact, India is offering 82.7 per cent of its tariff lines or product categories, which cover 95.3 per cent of EFTA exports, of which more than 80 per cent of imports are gold.

Domestic customers will get access to high-quality Swiss products, such as watches, chocolates, biscuits, and clocks, at lower prices as India will phase out customs duties under the trade pact on these goods over 10 years.

In the services sector, the commerce ministry has earlier stated that India has offered 105 sub-sectors to the EFTA, like accounting, business services, computer services, distribution and health.

On the other hand, the country has secured commitments in 128 sub-sectors from Switzerland, 114 from Norway, 107 from Liechtenstein, and 110 from Iceland.

Segments, where Indian services will get a boost, include legal, audio-visual, R&D, computer, accounting, and auditing.

Further, the pact would provide an opportunity for domestic exporters to integrate into the EU (European Union) markets. Over 40 per cent of Switzerland's global services exports are to the EU. Indian companies can look to Switzerland as a base for extending their market reach to the EU.

India-EFTA two-way trade was $24.4 billion in 2024-25.

Source: thehindubusinessline.com– July 19, 2025

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Charting the global economy. Tariffs trickling to US consumers

The latest report on US inflation was the clearest sign yet that tariffs are starting to boost costs of commonly imported consumer goods, while a decline in car prices kept overall inflation in check.

It's the last readout of inflation before Federal Reserve officials meet at the end of this month. Policymakers are still divided as to whether tariffs will cause a one-time hit to prices or an enduring inflationary risk.

In China, a 5.2 per cent increase in second-quarter gross domestic product beat expectations, bringing the official 5 per cent expansion goal for the year within reach.

While strong exports help boost the figure, they also masked a worsening decline in prices that threatens to drag the world's second-largest economy into a prolonged slowdown.

Here are some of the charts that appeared on Bloomberg this week on the latest developments in the global economy, markets and geopolitics:
United States

Underlying US inflation rose by less than expected for a fifth month in June even as the details signalled companies are beginning to more meaningfully pass some tariff-related costs to consumers. The report gave a little bit of everything to Fed policymakers who are divided as to whether tariffs will cause a one-time price shock or something more persistent.

Retail sales rebounded in June in a broad advance, potentially tempering some concerns about a retrenchment in consumer spending. Ten out of 13 categories posted increases, surprisingly fueled by motor vehicle sales, which climbed after back-to-back declines.

President Donald Trump said Wednesday he's not planning to fire Jerome Powell, and still managed to make it sound like a threat. Trump's comments capped a hectic few hours that took his pressure campaign against the Fed chief to a new level — and sent markets into a short-lived nosedive.

Asia

China's humming factories threw a lifeline to an economy struggling with weak demand in the second quarter. That's also given policymakers space to fight deflation — if they choose to do more than just hitting their growth target. Nominal GDP, which accounts for price changes, rose just 3.9 per cent, the least outside the pandemic since the quarterly data began in 1993.

Australian unemployment unexpectedly climbed to a four-year high in June as hiring almost stalled, suggesting a loosening of the labor market and bolstering the case for the Reserve Bank to reduce interest rates next month. Employment rose by 2,000 driven entirely by part-time roles, against economists' expectations of a 20,000 gain.

Bank of Japan officials are likely to consider raising at least one of their inflation forecasts at a policy meeting later this month, after rice and food-related prices rose more than expected, according to people familiar with the matter.

Most of China's industries can't survive US tariffs at current levels, according to a new analysis by Bloomberg Economics. Tariffs now set at roughly 40 per cent compare with average industrial profit margins of about 14.8 per cent in 2024. That gap could prompt more intense price cuts, weakening profits, and — in the worst case — layoffs and potentially a wave of bankruptcies and closures.

Europe

Fresh jobs data reinforced a picture of a weakening British labour market, with unemployment notching up to the highest level in four years. The jobless rate increased to 4.7 per cent in the three months through May, compared with 4.6 per cent in the previous period. Payrolls are 185,000 down compared to October just before Chancellor of the Exchequer Rachel Reeves announced budget changes that ramped up employment costs for businesses.

Germany's global export position has deteriorated substantially in recent years, according to research by the Bundesbank, which blames structural issues rather than US tariffs.

UK living standards are no higher than when Labour swept to power a year ago, highlighting the problems piling up for Prime Minister Keir Starmer as he struggles to contain the rise of Nigel Farage's populist Reform UK party.

Swiss exports to the US rebounded in June, evidence that trade between the two countries remains robust despite the pressure of ongoing tariff negotiations. Switzerland is a major exporter of drugs to the US, with medicines from companies like Roche Holding AG, Novartis AG and Sandoz AG accounting for almost half of Swiss goods shipped to America in 2024.

Emerging Markets

Bond investors worried about rising fiscal deficits are turning to an unusual haven: emerging markets. While long-dated bonds in developed markets have come under pressure this year as investors grow wary about government spending, emerging-market bonds in Asia have become a hot pick.

World

Bank Indonesia lowered interest rates and said it's prepared to cut further in necessary. Central bankers in Angola left borrowing costs unchanged.

Source: thehindubusinessline.com– July 19, 2025

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PM Modi likely to sign free trade agreement during UK visit this week

Prime Minister Narendra Modi's two-day visit to the United Kingdom (UK) on July 23-24 will focus on increasing bilateral trade, and the signing of the India-UK Free Trade Agreement (FTA) in London on Thursday. The PM will also visit the Maldives while returning from the UK.

In a statement, the Ministry of External Affairs (MEA) said Modi will hold wide-ranging talks with British Prime Minister Keir Starmer, and the two sides will review the progress of the Comprehensive Strategic Partnership (CSP). Its specific focus, the MEA said, would be on trade and economy, technology and innovation, defence and security, climate, health, education, and people-to-people ties. Modi is also expected to call on King Charles during his fourth visit as PM to the UK.

In the second leg of his visit, the PM will be in the Maldives on July 25 and 26. This will be his third visit to the Maldives, and the first visit by a foreign head of state or government to Maldives during the presidency of Mohamed Muizzu.

The two leaders will take stock of the progress in the implementation of the India-Maldives Joint Vision for a 'Comprehensive Economic and Maritime Security Partnership', adopted during Muizzu's state visit to India in October 2024.

In Kathmandu, Nepal's foreign ministry said on Sunday that Nepal Prime Minister K P Sharma Oli will pay an official visit to India towards mid-September, a two-day visit starting on September 16. Oli, the chairperson of the Communist Party of Nepal (Unified Marxist-Leninist), assumed the office of prime minister for the fourth time last July. He had opted to visit China for his maiden foreign outing, breaking the tradition of visiting India as the first destination after assuming the post of prime minister.

Source: business-standard.com– July 20, 2025

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'India set to overtake China to become largest cotton producer by 2034'

India is set to become the world's largest cotton producer by 2034, overtaking China, on improving yields, according to the OECD-FAO Agricultural Outlook 2025-2034.

Over the next decade, India's cotton production is projected to grow at an annual rate of around 2 per cent, driven primarily by productivity gains rather than area expansion, the Outlook said. Global cotton production over the same period is expected to grow by 1.3 per cent annually and is expected to touch 29.5 million tonnes by 2034. As per International Cotton Advisory Committee, the cotton output during the current 2024-25 season is projected at 25.68 million tonnes.

India is expected to account for 30 per cent of the global increase in cotton output over the Outlook period by 2034, followed by Brazil (27 per cent) and the United States (23 per cent)

India's raw cotton productivity has remained stagnant in recent years, ranking among the lowest globally, with yields significantly below those of China and Brazil.

By 2034, yields in India are expected to considerably increase from their current low levels, but remain under the world average of 0.8 tonnes/ha, whereas China and Brazil will maintain yields more than double this level.

Average global yields are projected to increase by 15 per cent compared to the base period. Factors such as improvements in genetics, better agricultural practices and digitalisation supporting precision agriculture will contribute significantly to enhancing productivity and sustainability, the Outlook said.

To boost the yields, Indian researchers are promoting high-density planting systems, which involve closer plant spacing to maximise output and facilitate mechanised harvesting. Traditionally, Indian cotton farms — mostly smallholder operations — use wider row spacing to accommodate bullock-driven weed control methods, which reduces plant density and overall yield potential.

Pest-resistant genetically modified (GM) cotton, including Bt cotton, has also helped reduce pest-related yield losses and dependency on chemical pesticides, leading to increased productivity and cost savings. Moreover, drought-tolerant cotton varieties, developed through conventional breeding, are being promoted to maintain yields in water-stressed regions. Government agencies and research institutions are actively involved in varietal development and integrated pest management (IPM) initiatives to raise productivity.

"Based on these considerations, the Outlook assumes a high yield growth potential at 1.7 per cent p.a. over the next decade, enabling India to surpass China as the world's largest cotton producer by 2034," it said. The Outlook said that Asia will remain the primary hub for processing of raw cotton, with capacity expansion in Vietnam, Bangladesh and India that will be fuelled by competitive labour and production costs. While China is expected to gradually lose its dominance in the global cotton processing, it will remain the world's largest cotton processor by 2034, followed by India.

The OECD-Outlook said the global use of raw cotton is projected to grow annually driven by increasing textile demand in the middle- and low-income countries. Global cotton trade is projected to grow steadily at 1.6 per cent annually, reaching 12.3 million tonnes by 2034. In India, the cotton consumption is projected to grow by 1.3 per cent annually over the next decade. This expansion will be crucial for supporting both domestic textile requirements and exports of cotton-based garments and yarns. China is expected to remain the largest cotton processing country in 2034 followed by India with consumption projected to grow by 0.3 per cent and 1.3 per cent p.a., respectively over the next decade.

While China is projected to remain the largest importer with about 3 million tonnes, the increase in global trade will be driven by rising imports into other Asian countries, particularly Bangladesh and Vietnam, due to their limited domestic production capacity. International cotton prices are expected to decline slightly in real terms over the Outlook period, driven by competition from synthetic fibres and productivity gains in cotton farming.

Source: thehindubusinessline.com– July 19, 2025

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Latin America trade negotiations: India wary of China's growing influence

As India prepares for trade negotiations with Chile, Peru and the Mercosur bloc, officials in New Delhi are approaching the discussions with caution, amid China's growing influence in the Latin American region and suspicious market access in the past.

"We need to have strong firewalls and need to be very careful. We don't want a repeat of what happened in the case of India's trade deal with Association of SouthEast Asian Nations (Asean) or United Arab Emirates to some extent," a senior government official told Business Standard.

India's concerns stem from China's rising presence in South America. China is among the top trade partners and a key source of foreign direct investment in the region. Already, in the case of the over a decade-old agreement with Asean, New Delhi has been worried about China using loopholes in the deal to route goods to India through the trade bloc.

For instance, during previous rounds of negotiations, Peru had sought tariff concessions and greater market access for products it did not manufacture.

However, free trade agreements (FTA) with Latin American countries is a part of India's strategy to not only diversify trade partnership amid rising geopolitical polarisation, but also secure critical mineral supplies from the region.

Earlier this month, Prime Minister Narendra Modi visited Argentina and Brazil and held discussions over the expansion of the existing limited trade deal with the Mercosur bloc. Indian government officials are now set to hold talks with their counterparts in the bloc virtually later this week.

"We want to understand whether they (the bloc) want a further expansion of the PTA (preferential trade agreement) to add more tariff lines or have a comprehensive trade agreement," the official cited above said.

India has pitched in a full-fledged deal with the bloc as it will enable exploration rights for critical minerals and exchange of technology.

The South American trading bloc has Argentina, Brazil, Uruguay, Paraguay and Bolivia as members and is the fourth largest integrated market or trade bloc globally, after the European Union (EU), NAFTA and Asean.

In August, India will hold the eighth and second round of negotiations with Peru and Chile, respectively.

With Chile, India held the first round of negotiations for a Comprehensive Economic Partnership Agreement in May. In the case of Peru, the eighth round of negotiations will take place after a hiatus of more than a year.

The Latin American region comprises a total of 43 countries, with a size of trade at $39.21 billion during FY25, commerce department data showed. Out of these, India's key trade partners include Brazil, Argentina, Chile, Peru and Colombia, with the size of merchandise trade at $12.2 billion, $4.75 billion, $3.76 billion, $5.98 billion and $4.71 billion, respectively.

Source: business-standard.com– July 20, 2025

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With deposits outpacing appetite, exports & tariffs hold key to credit revival

India's bank loan growth dropped to 9.4% as of June 27, its lowest since March 2022, while deposit growth rose to 10%, outpacing credit demand. Despite rate cuts and easing liquidity, credit growth slowed due to weak investment demand. Economists suggest structural reforms in tariffs, trade, FDI, and ease of business are needed to revive loan demand and boost exports. India's banking system loan growth stood at 9.4% as of June 27, its lowest level since March 2022, after having peaked at 2.74% in the current cycle in December 2023. That said, deposits growth now stands at 10%, exceeding loan demand.

Deposit growth had peaked at 14.04% mid-December 2023. For a greater part of FY25, banks were chasing deposits with special schemes, as deposit accretion failed to match credit demand. Now, despite a reduction in the policy rate of 100 basis points to 5.50%, along with a cut in the cash reserve ratio (CRR) in phases, demand for credit has slowed while deposit growth has gathered pace.

One basis point is a hundredth of a percentage point. The reduction in policy rate has led to transmission of rates to end users, but only partially. The full passthrough will take some more quarters, several bankers said, while announcing the fi rst quarter results. Central bank data showed that about 25-basispoint worth of transmission has taken place on loans while fi xed deposit rates have been reduced in the range of 30-70 basis points since February 2025.

Credit growth may remain weak unless structural reforms in tariff rates and production are taken to boost investments and exports. "There is space for a new producer and exporter of mid-tech goods. India can embrace this opportunity with its abundant labour and wage cost advantage," said Pranjul Bhandari, chief India economist, HSBC. "But to do this, we believe it needs the right reforms – lower tariff rates on intermediary inputs, more trade deals with other economies, more openness to FDI infl ows, and more ease of doing business reforms across states."

Source: economictimes.com– July 21, 2025

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Textile industry seeks uniform GST rate

The textile industry is pitching for a fibre-neutral GST at 5% for the entire textile and apparel value chain.

Currently, cotton-based textile sector has 5% GST, except for garments priced above ₹1,000. These garments attract 12% duty. However, in the Man Made Fibre (MMF) sector, the GST on PTA (Purified Terephthalic Acid) and MEG (Monoethylene Glycol) that are critical raw materials for polyester production is 18%, MMF filament and spun yarn attract 12% duty, fabric and garments are at5 %, and garments and fabric priced above Rs. 1,000 a piece are at 12%.

There should be no inverted duty structure and there should be a fibre-neutral rate which is the lowest in the GST slabs, said RK Vij, secretary general of Polyester Textiles Apparel Industry Association.

If the industry should achieve the target of $100 billion annual exports and $250 billion domestic sales by 2030, all sectors of the textile industry should grow. For now, there is no major expansion in the pipeline for three years in the viscose sector and the cotton sector is not growing. The growth of the MMF sector is crucial and hence, the government should rationalise the GST rates for this sector, right from the raw material stage, he said.

According to K. Selvaraju, secretary general of the Southern India Mills Association, garments and fabric priced above ₹2,000 should be levied 12% duty and for the other products across the textile value chain, be it cotton, viscose, or polyester, the rate should be 5%. The micro, small and medium-scale enterprises are struggling when funds are blocked in tax paid for inputs.

MMF-based fabric and garment are the most affordable for the common man. And, hence, MMF sector should also be brought under uniform 5% duty. Further, textile and apparel sector is the highest job-generating industry and it should attract investments to create more jobs. Rationalisation of the GST rates will help make investments viable, he said.

Source: thehindu.com– July 19, 2025

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Naturally coloured cotton revival hit by funding crunch, low yields

India's naturally coloured cotton, which thrived commercially in the 1940s, is struggling to stage a comeback despite rising global demand for sustainable textiles and decades of government's efforts in research.

The specialty crop is currently grown on just 200 acres across Karnataka, Maharashtra, Tamil Nadu and Andhra Pradesh, fetching ₹240 per kg, 50 per cent more than regular cotton at ₹160 per kg. However, farmers are hesitant to expand cultivation due to significantly lower yields.

"The productivity of light brown cotton is very low at 1.5-2 quintals per acre, compared to 6-7 quintals per acre for normal cotton. This discourages farmers from expanding the area under this crop," Ashok Kumar, Principal Scientist at ICAR-Central Institute for Research on Cotton Technology (CIRCOT), told PTI.

Annual production from these limited acres stands at merely 330 quintals, underscoring the challenge facing this specialty crop that could potentially transform India's textile sustainability profile.

ICAR-CIRCOT is currently focusing on light brown coloured cotton.

Coloured cotton has ancient roots in Indian agriculture, with cultivation dating back to 2500 BC. Before independence, red, khaki and brown varieties of Cocanada 1 and 2 were grown commercially in Rayalseema, Andhra Pradesh, with exports to Japan. Traditional varieties were also cultivated in Assam and Karnataka's Kumta region.

However, the Green Revolution's emphasis on high-yielding white cotton varieties pushed coloured cotton to the sidelines. The crop's inherent limitations - fewer bolls, lower weight, poor fibre strength, short staple length and colour variations - made it economically unviable for large-scale cultivation.

Indian agricultural institutions have developed improved varieties, including DDCC-1, DDB-12, DMB-225, and DGC-78 by the University of Agricultural Sciences, Dharwad. The Central Institute for Cotton Research, Nagpur, created Vaidehi-95, considered the most prominent among 4-5 available varieties.

Between 2015-19, ICAR-CIRCOT processed 17 quintals in demonstration batches, producing 9,000 metres of fabric, over 2,000 jackets and 3,000 handkerchiefs, proving commercial viability.

The environmental benefits are significant. Traditional cotton dyeing requires approximately 150 litres of water per metre of fabric, while naturally coloured cotton eliminates this requirement, potentially reducing toxic waste disposal costs by up to 50 per cent.

"Naturally coloured cotton has huge export potential. More government support is required to enhance production and value addition," Kumar said.

Despite premium pricing and environmental advantages, expansion faces hurdles including lack of seed systems, pest vulnerability, and high pesticide requirements typical of cotton cultivation.

"Nobody develops varieties as production is low and the market is not visible. Even textile mills are not ready to procure small quantities," Kumar explained.

The global market shows promise with growing demand from environmentally conscious brands, particularly in Europe, USA and Japan. Australia and China are investing heavily in research using traditional breeding and genetic engineering.

For commercial viability, coordinated efforts are needed across the value chain ' from developing farmer-friendly varieties to creating processing infrastructure and establishing market linkages with textile manufacturers committed to sustainable practices.

Source: livemint.com– July 20, 2025

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