IBTEX No. 97 of 2025 **July 30, 2025**

Currency Watch			
USD	**EUR**	**GBP**	**JPY**
87.28	**100.82**	**116.53**	**0.59**

INTERNATIONAL NEWS	
No	**Topics**
1	The 3rd round Sino-US economic and trade negotiations concluded, how to view the demand in H2 2025?
2	China's industrial profits recover in June; logistics costs drop
3	Poland may lose $2.16 bn due to US tariffs on European goods: PM Tusk
4	Temu’s trying to turn a new leaf on trademarks.
5	China Inks $65.5M in Textile Projects for Egypt’s SCZone
6	Texworld Apparel Sourcing Paris announces 1,300 exhibitors for September
7	New Zealand’s apparel imports up 5% to $622 mn in H1 2025
8	South Korea's apparel imports flat at $5.5 bn in Jan–June 2025
9	US retaliatory tariffs could reduce Bangladesh's GDP growth: ADB
10	Bangladesh's large manufacturing grows 7.8% YoY in May, textiles slump

NATIONAL NEWS	
No	**Topics**
1	Government Initiatives Enhance Transparency and Ease of Compliance in Export System
2	Ministry of Textiles Press Release
3	Trump says India may face 20-25% tariff but trade deal not yet finalised
4	IMF ups India's GDP forecast for FY26, FY27 to 6.4%
5	US team to visit India on August 25 for next round of trade pact talks
6	India's textile ambition stifled by high MMF costs, QCOs, warns Amitabh Kant
7	FTA with UK: What's at stake for Indian artisans?
8	India-UK trade deal: Navigating through worldwide economic chaos
9	Two days to go: No clarity over US tariffs, trade pact talks on
10	India eyes uniform 12% GST on textile value chain

INTERNATIONAL NEWS

The 3rd round Sino-US economic and trade negotiations concluded, how to view the demand in H2 2025?

From July 28 to 29 local time, the economic and trade teams of China and the United States held a new round of economic and trade talks in Stockholm. In accordance with the consensus reached in the new round of China-US economic and trade talks, both sides will continue to promote the scheduled extension of the 24% portion of the US reciprocal tariffs that had been suspended, as well as China's countermeasures.

This means that the previously imposed tariffs will remain for a period of time in the future (possibly another 90 days), specifically the 10% basic tariff plus 20% fentanyl tariff.

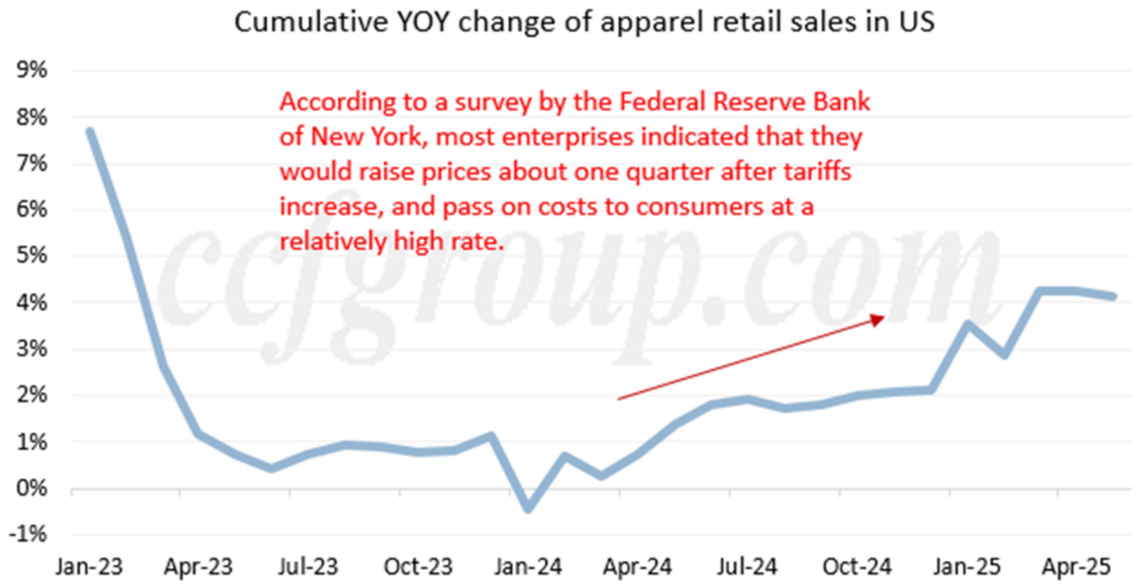
July is a chaotic period for tariff negotiations. Direct or indirect foreign trade orders related to the United States are either placed cautiously or delayed and suspended. At the same time, domestic sales are in the traditional off-season, coupled with falling raw material prices, resulting in scarce orders.

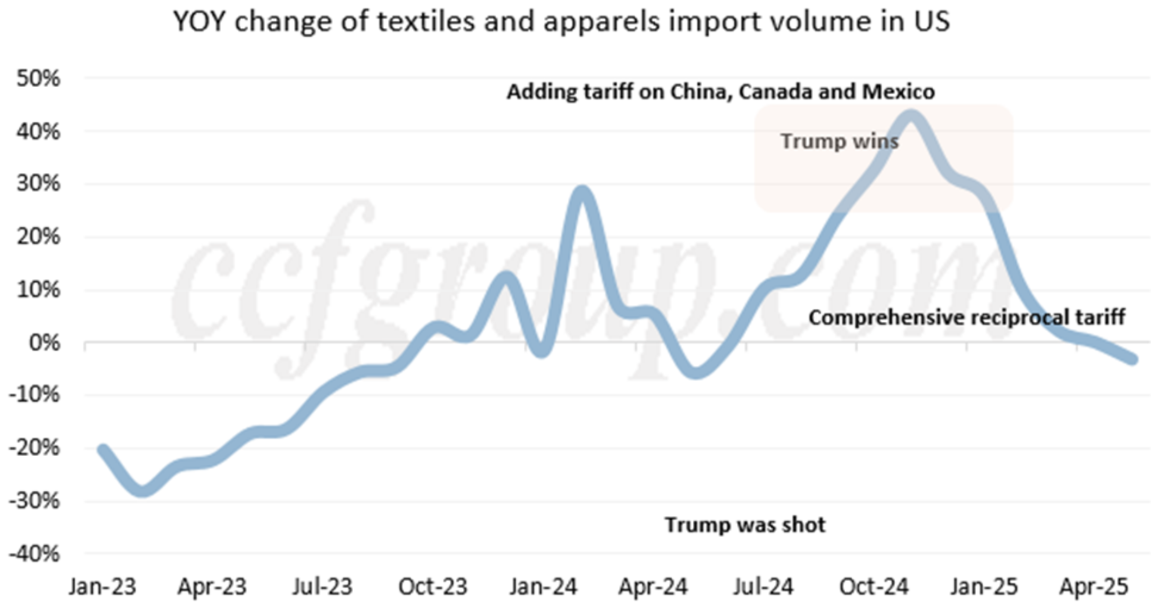
Recently, the United States has successively reached tariff agreements with major countries, including Vietnam, Indonesia, Japan, and the European Union, while maintaining tariffs on China for the time being. After the US tariffs are implemented, there may be a wave of foreign trade orders, mainly Christmas orders.

For domestic sales, it is necessary to first wait for the raw material prices to stabilize, and then it is estimated that the stocking for autumn and winter may gradually start after the second half of August. There is still hope for a wave of release in domestic sales, which will ease the high inventory pressure of fabric mills.

Views toward later demand

In the short term, it is believed that end-user demand may show a trend of seasonal improvement in the next three months. However, cautious attitude is held in terms of the strength of demand improvement.





First, according to a survey by the Federal Reserve Bank of New York, most enterprises indicated that they would raise prices about one quarter after tariffs increase, and pass on costs to consumers at a relatively high rate. This means that tariff costs may gradually be passed on to consumers starting from July and August, and the impact of U.S. tariffs on the global economy may also gradually emerge.

Moreover, after the comprehensive imposition of tariffs, the willingness of the United States to replenish inventories has significantly declined, making it difficult for the export rush to continue in the second half of 2025.

Second, although the U.S.-Vietnam and U.S.-Indonesia agreements have been successively finalized, one of the major conditions is that transshipped goods will be subject to punitive tariffs, which will block China's re-export trade.

In general, the resilience of China's exports in the first half of 2025 largely benefited from the contributions of export rush and re-exports. However, both export rush and re-exports may weaken in the second half of the year, leading to certain pressure on the total volume of foreign trade orders.

In addition, against the backdrop of weak domestic demand, there is little hope for a strong recovery. The release of domestic demand will either be concentrated in a short-lived, pulse-like manner around late September and October, or present a slow and tepid improvement.

Source: ccfgroup.com – July 30, 2025

HOME

****

China's industrial profits recover in June; logistics costs drop

China's major industrial enterprises recorded a 1.8 per cent year-over-year (YoY) decline in profits in the first half of 2025, totalling 3.44 trillion yuan, according to the National Bureau of Statistics (NBS). Despite the fall, June data revealed signs of recovery, with the monthly profit decline narrowing to 4.3 per cent—4.8 percentage points (pps) less than in May.

The manufacturing sector showed marked improvement, posting a 1.4 per cent profit growth in June. Equipment manufacturing and high-tech industries led the rebound. Industries aligned with China's industrial upgrade initiatives also performed well.

Meanwhile, China's logistics sector demonstrated enhanced efficiency in the first half of 2025, as per data released by the National Development and Reform Commission (NDRC).

The ratio of social logistics cost to gross domestic product (GDP)—a key indicator of cost efficiency—stood at 14 per cent, reflecting a 0.1 percentage point decline from the first quarter and a 0.2 percentage point drop year-on-year. The NDRC noted that this decline indicates positive outcomes in efforts to reduce logistics costs across society.

Source: fibre2fashion.com– July 30, 2025

HOME

****

Poland may lose $2.16 bn due to US tariffs on European goods: PM Tusk

Preliminary estimates show Poland may lose around 8 billion zlotys (~$2.16 billion) due to new US tariffs on European goods, Polish Prime Minister Donald Tusk said recently.

“The losses will be severe on both sides of the Atlantic, but a difficult trade agreement is better than a senseless tariff war between allies," he wrote on microblogging platform X.

The United States clichéd a framework trade agreement with the European Union (EU) recently, imposing a 15-per cent import tariff on most EU goods—around half the threatened rate—and averting a bigger trade war.

Poland does not export many products directly to the United States, but expects to suffer knock-on effects as Polish firms are often subcontractors.

Other Central European countries also said the deal has done away with uncertainty disrupting trans-Atlantic trade.

Preliminary estimates indicate US tariffs will slow Czech economic growth by 0.2 percentage points for the rest of the year and by 0.39 percentage points next year, the latter’s Finance Ministry said.

Source: fibre2fashion.com– July 30, 2025

HOME

****

Temu’s trying to turn a new leaf on trademarks.

The company, owned by PDD Holdings, announced on July 24 it has joined the International Trademark Association (INTA) and is part of the group’s anti-counterfeiting committee.

INTA represents a variety of brand owners and professionals working in the intellectual property space, including attorneys and academics. Alastair Gray, director of anti-counterfeiting for INTA, said the company has already taken part in several programs the group offers.

“INTA welcomes Temu’s willingness to engage in anticounterfeiting initiatives, including in the association’s annual Anticounterfeiting Workshop and Online Takedown Certificate Program which serve to share best practices and connect stakeholders,” Gray said in a statement. “Constructive collaboration with these efforts can contribute to the protection of intellectual property rights for INTA members and support the removal of counterfeit products from the platform which ultimately protects consumers.”

Temu doesn’t have a pristine track record when it comes to intellectual property infringement claims. Last week, Gen Z favorite Brandy Melville filed a complaint against the company, alleging that it infringed on the brand’s trademarks by allowing counterfeit items to be sold on its platform. On Monday, European Commission watchdogs announced that preliminary results of a Digital Services Act-related investigation showed that the company has been allowing the sale and distribution of illegal products on its platform.

Multiple states’ attorneys general have accused the company of violating U.S. laws. The most recent state-led claim, coming down from Kentucky Attorney General Russell Coleman, directly cites allegations of intellectual property infringement. Coleman wrote in his complaint that Temu has allowed its sellers to infringe on the rights of Kentucky brands and academic institutions, like the University of Kentucky, University of Louisville, Buffalo Trace Distillery and Churchill Downs.

In the release announcing that it joined INTA, Temu noted that it joined an anti-counterfeiting roundtable at the trade group’s May conference. Each of the aforementioned complaints or violations have come to light since the conclusion of that conference.

Temu noted that since its 2022 beginning, the company has "made significant investments in IP enforcement." Today, its intellectual property monitoring mechanisms include "comprehensive seller vetting and compliance training, 24/7 algorithmic monitoring with manual review, a dedicated IP protection portal and brand registry to streamline takedown submissions and an internal enforcement team that handles claims with speed and accuracy," the company said.

A Temu spokesperson said joining INTA has only enhanced the marketplace's intellectual property compliance procedures.

"Joining INTA and serving on its Anti-Counterfeiting Committee reflects Temu's ongoing commitment to ensuring a trustworthy online shopping experience," the spokesperson said. "We value collaboration with industry peers and stakeholders and are dedicated to advancing collective efforts in intellectual property protection."

Source: sourcingjournal.com– July 29, 2025

HOME

****

China Inks $65.5M in Textile Projects for Egypt's SCZone

Three Chinese textile companies have inked agreements—worth a combined $65.5 million—with Egypt's Suez Canal Economic Zone (SCZone).

Following a roadshow across several Chinese provinces, the Hangzhou-based firms will focus on garment and textile projects to be built in the Qantara West Industrial Zone. The deal includes two agreements with Shandong Sunshell Garment Group and one with Zhejiang Charming for Dyeing and Finishing.

These projects are projected to create around 6,000 direct jobs, with the majority of production (90 percent) intended for export.

"The signing of these three contracts reflects the growing confidence of Chinese companies in the investment environment within SCZone," said Waleid Gamal El-Dien, chairman of the SCZone. "Particularly as SCZone continues to enhance the industrial value chain in the textile sector in Qantara West Industrial Zone, one of the key pillars in building an integrated and competitive export-oriented industry."

With these additions, the Qantara West Industrial Zone now has 31 signed projects, per Gamal El-Dien, with total investments now around $799.6 million—covering a total area of over 2 million square meters and creating 44,000-plus job opportunities.

"This underscores SCZone's position as a promising regional hub for the garments and textile industry," he continued, "and contributes to Egypt's national objectives in manufacturing, exports and job creation."

Shandong Sunshell Group, established in 1956, offers fully-integrated industrial solutions including spinning, knitting, dyeing, printing, sewing and embroidery as well as logistics services. The group also specializes in fabric finishing technologies such as antimicrobial treatments.

Gamal El-Dien signed the first contract to establish a factory for high-quality, ready-made garments (RMG) on a 23,000-square-meter plot with Shandong Sunshell. The project involves an investment of $7 million and will provide approximately 2,000 direct job opportunities. It's set to produce more than 11 million garment pieces annually, of which 90 percent will be exported. The remaining 10 percent will be supplied to the local market.

As part of the same partnership, the second contract with the vertically integrated company covered the establishment of an advanced textile industrial complex within the designated spinning and weaving section of the Qantara West Industrial Zone. Spanning 100,000 square meters, the project has an investment of $30 million and will create 1,000 direct job opportunities. Producing more than 2 million tons of textiles annually, this endeavor, too, will see 90 percent of the high-tech enterprise's output targeting export markets.

Zhejiang Charming for Dyeing and Finishing, meanwhile, is a high-tech Chinese company specializing in the production of knitted fabrics from blended fibers. With a contract for an integrated fabric production project, this project will be located on a 100,000-square-meter plot in Qantara West—powered by an investment cost of $28.5 million—and will provide approximately 3,000 direct job opportunities.

Featuring an integrated production line—starting with circular knitting to finished garments—using advanced technologies like intelligent cutting systems, the factory's annual production is expected to reach 12,000 tons of fabric across children's, sports and casual wear as well as home textiles and premium fabrics. The contract was signed by Mo Bingrong, chairman and owner of the company, with 90 percent of output planned for export to European and American markets.

Source: sourcingjournal.com– July 29, 2025

HOME

****

Texworld Apparel Sourcing Paris announces 1,300 exhibitors for September

This edition, which will be held in halls 2, 3, and 4, will be largely made up of companies from China, Turkey, India, South Korea, and Taiwan.

Introduced in February, the "Initiatives by Texworld" area, dedicated to innovative and inspiring approaches, will be back. The apparel offering has gained strength once again compared to the 465 companies gathered at the beginning of the year. This is occurring against the backdrop of Asian production previously destined for the United States being redirected towards Europe, provoking a desire for local sourcing on the Old Continent. “In the context of the economic tensions we've been experiencing for several months, this year's edition reflects the recomposition of supply chains,” explained Julien Schmoll, marketing and communications director at organizer Messe Frankfurt France.

“Overall, we're witnessing an increase in the supply of finished garments, a resurgence of countries such as China and India in search of secure commercial outlets, and the emergence of new horizons for near sourcing, product innovation, and diversification. Our role is to provide buyers with the best solutions to address these movements.”

The show will once again feature its Leatherworld area dedicated to leather and leather products, as well as Avantex, an international zone dedicated to innovative and sustainable solutions for the fashion industry. This area has now been expanded to include some thirty companies, which will be exhibiting in close proximity to the trend areas and the conference agora.

Presentations and round tables will follow one another over the three days of the show. Discussions will focus on the transformation of the industry, circularity, and natural materials, as well as the impact of artificial intelligence on the sector, consumer trends, and new European regulations. The previous editions of Texworld Paris and Apparel Sourcing Paris, held from February 10 to 12 at Le Bourget, attracted 8,500 visitors. This represents a 10% increase over the February 2024 session.

Source: fashionnetwork.com– July 30, 2025

HOME

****

New Zealand's apparel imports up 5% to $622 mn in H1 2025

New Zealand's apparel imports rose by 5.13 per cent to NZ$1,044.636 million (~US$622.10 million) in the first half of 2025. Imports increased by 8.87 per cent in June, according to Stats NZ, the official statistics agency of the country.

New Zealand imported apparel—including knitted or crocheted (Chapter 61) and non-knitted/non-crocheted items (Chapter 62)—worth NZ$993.334 million (CIF) in the corresponding period of the previous year.

During January–June 2025, apparel imports under Chapter 61 were valued at NZ$575.115 million, up 7.07 per cent from NZ$537.090 million. Under Chapter 62, inbound shipments inched up by 2.85 per cent to NZ$469.521 million, compared to NZ$456.244 million in the same period of 2024.

In June 2025, New Zealand's apparel imports stood at NZ$135.178 million, up from NZ$124.099 million in June 2024. Under Chapter 61, imports amounted to NZ$72.145 million in June 2025—10.76 per cent higher than the NZ$65.291 million recorded a year earlier. Imports under Chapter 62 rose by 7.18 per cent to NZ$63.033 million from NZ$58.808 million in June 2024.

New Zealand also imported textile products, including fabric under Chapter 60, worth NZ$24.718 million during January–June 2025, compared to NZ$22.510 million in the same period of 2024. In June 2025, these imports were valued at NZ$4.069 million, up from NZ$3.656 million in June 2024.

Textile exports under Chapter 60 reached NZ$40.760 million (FOB) in the first half of 2025, including NZ$12.090 million in June. This compares with NZ$27.127 million and NZ$11.638 million, respectively, in the previous year.

For the full year 2024, New Zealand's apparel imports totalled NZ$2,020.090 million, comprising NZ$1,054.133 million under Chapter 61 and NZ$965.957 million under Chapter 62.

Imports of textile fabrics under Chapter 60 were recorded at NZ$50.255 million. Exports under Chapter 60 were valued at NZ$64.353 million in 2024.

Source: fibre2fashion.com– July 30, 2025

HOME

****

South Korea's apparel imports flat at $5.5 bn in Jan–June 2025

South Korea's apparel imports remained almost flat at $5.527 billion during January–June 2025, compared to $5.532 billion in the same period of 2024, according to the latest data from the Korea Customs Service.

Imports of knitted apparel and clothing accessories (Chapter 61) were valued at $2,372.551 million in the first half of 2025, up 3.11 per cent from $2,300.937 million in the corresponding period of the previous year. Meanwhile, imports of non-knitted apparel and clothing accessories (Chapter 62) totalled $3,154.745 million, down 2.37 per cent from $3,231.328 million in January–June 2024.

In June 2025, South Korea's apparel imports stood at $773.265 million, 4.88 per cent higher than the $737.285 million recorded in June 2024. On a month-on-month basis, apparel imports increased by 8.41 per cent compared to $713.406 million in May 2025.

The country imported knitted apparel and clothing accessories (Chapter 61) worth $338.308 million in June 2025, up 11.18 per cent from $308.732 million in June 2024.

Imports of non-knitted apparel and clothing accessories (Chapter 62) were valued at $434.958 million in June 2025, slightly higher than the $432.552 million recorded in June 2024. In May 2025, imports stood at $314.617 million for Chapter 61 and $398.789 million for Chapter 62.

South Korea generally exports fabrics and textile materials while importing readymade garments. Between January and June 2025, exports of man-made filaments, strips, and similar materials (Chapter 54) were valued at $894.967 million, down 13.52 per cent from $1,035.200 million in the same period of 2024. Exports of knitted or crocheted fabrics (Chapter 60) reached $769.240 million, easing from $895.967 million a year earlier.

In June 2025, the country exported man-made filaments, strips, and similar materials worth $134.457 million, and knitted or crocheted fabrics worth $130.241 million.

In comparison, exports in June 2024 for these categories were valued at $166.103 million and $147.754 million, respectively. In May 2025, the export values were $150.578 million for Chapter 54 and $137.136 million for Chapter 60.

In 2024, South Korea's apparel imports reached $12.366 billion, marking a 3.12 per cent increase from $11.991 billion in 2023. Imports of knitted apparel and clothing accessories totalled $5.083 billion, while non-knitted apparel and clothing accessories amounted to $7.283 billion.

That year, the country exported man-made filaments, strips, and similar materials (Chapter 54) worth $1,987.300 million, slightly down from $2,107.283 million in 2023. Exports of knitted or crocheted fabrics (Chapter 60) were valued at $1,713.855 million in 2024, compared to $1,788.741 million in 2023.

Source: fibre2fashion.com– July 29, 2025

HOME

****

US retaliatory tariffs could reduce Bangladesh's GDP growth: ADB

The Asian Development Bank (ADB) recently cautioned that Bangladesh's gross domestic product (GDP) growth could be affected by the proposed 35-per cent US retaliatory tariff.

The growth forecast for fiscal 2025-26 (FY26) has been revised downward, primarily due to a slowdown in the export and industrial sectors, as well as the potential effects of the US tariffs, the bank said without specifying a projected growth rate.

On inflation, the July edition of ADB's Asian Development Outlook noted a slight decline in the outgoing fiscal, attributing it to stable global commodity prices and tighter fiscal and monetary policies. For these reasons, the inflation outlook for FY26 has been kept unchanged.

In its previous outlook published in April, ADB had projected Bangladesh's GDP growth for FY26 at 5.1 per cent and average inflation to ease to 8 per cent in FY26.

Source: fibre2fashion.com– July 29, 2025

HOME

****

Bangladesh's large manufacturing grows 7.8% YoY in May, textiles slump

Bangladesh's large manufacturing sector saw a healthy year-on-year (YoY) growth of 7.8 per cent in May this year, indicating signs of recovery and momentum across most industrial segments, according to the Bangladesh Bureau of Statistics (BBS).

The rebound follows a modest 4-per cent growth in April and a contraction of 1.13 per cent in August last year.

Textiles and garments, together accounting for over 72 per cent of the manufacturing index weight, are the key drivers of performance, making the broader index highly sensitive to changes in these sectors.

In May, the garment segment rose by nearly 12 per cent, lifting overall growth, even as the textile industry, the second-highest weighted component, shrank by 9.48 per cent.

Out of the 23 divisions within the large industrial sector, only six manufacturing divisions experienced contraction during May 2025, while 17 expanded, according to a report in a domestic media outlet.

Among the sectors that posted negative growth, the coke and refined petroleum declined by 5.68 per cent in the month, while chemical and chemical products fell by 5.3 per cent. Leather and related good also saw a contraction, shrinking by 4.47 per cent in May.

Source: fibre2fashion.com– July 29, 2025

HOME

****

NATIONAL NEWS

Government Initiatives Enhance Transparency and Ease of Compliance in Export System

The Government has undertaken several initiatives to promote transparency, foster ease of compliance in the export system and to facilitate exports, especially from MSMEs and small businesses with minimal capital. These include the following:

Directorate General of Foreign Trade (DGFT), under the Ministry of Commerce & Industry, has introduced multiple digital reforms to simplify and modernize foreign trade processes. The DGFT portal enables seamless online application and approval for various Foreign Trade Policy (FTP) benefits, including Advance Authorisation, Export Promotion Capital Goods (EPCG), and Status Holder certification. The portal is integrated with ICEGATE, GSTN, MCA, and PFMS for efficient data validation and processing.

Other key initiatives taken by DGFT include the self-certification mechanism for eBRCs, and the digitized e-Certificate of Origin (eCoO 2.0) system, enabling real-time authentication 2 and reducing manual burden. The revamped e-Certificate of Origin (eCoO) 2.0 system, operational for both Preferential and Non-Preferential CoOs, enables end-to-end digital issuance with QR code and Aadhaar-based e-signatures. It connects exporters with issuing agencies and chambers of commerce on a single online platform, thereby improving authentication and service delivery.

In order to assist Indian exporters, the Ministry has also launched the Trade Connect ePlatform (https://www.trade.gov.in/), as one-stop interface for addressing trade queries and enhancing access to international markets. Key features of the ePlatform include information about the Trade Agreements and provision of a Tariff Explorer to assess FTA benefits, Country and Product Guides for market access and compliance insights, Global e-Commerce Guide, and information on Trade Events Worldwide. Additionally, the platform hosts EXIM Paathshaala (learning modules), the “Ask an Expert” feature for resolving trade-related queries, the “Source from India” discovery tool for foreign buyers in order to connect to verified Indian exporters, and the unified Certificate of Origin issuance system for Indian exporters.

Further, in order to strengthen stakeholder interaction, the Ministry has operationalized the Jan-Sunwai facility, a digital grievance redressal platform that provides on-demand video conferencing between exporters and government officials. The system ensures real-time grievance handling, direct access to officers, and promotes transparency through audit trails.

Further, benefits of availing export promotion schemes under Chapters 4 and 5 of the Foreign Trade Policy (FTP) 2023 are available to all eligible exporters, including small businesses, third-party exporters, and merchant exporters. Therefore, in order to promote inclusive access and ease of compliance for such entities, the Government has introduced several supportive measures such as reduced application fees for MSMEs applying for benefits under export promotion schemes viz. Advance Authorisation and Export Promotion Capital Goods (EPCG).

The Niryat Bandhu Scheme, a flagship outreach initiative by DGFT, is designed to support and empower new and small exporters by providing them with expert guidance, mentorship, and handholding support throughout their export journey. This scheme aims to facilitate their entry into the international trade and enhance India's overall export competitiveness. These initiatives have enhanced accessibility for small exporters while reducing procedural burdens and manual intervention.

The Government has taken measures to improve ease of compliance in the export system for all types of exporters, including exporters in agro-focused regions such as Erode. Developing District as Export Hub Initiative under Chapter 3 of FTP 2023 identifies the products/services (including GI products, agricultural clusters and toy clusters) with export potential in all the districts of the country. Institutional mechanism in the form of State Export Promotion Committees (SEPC) at State/UT level and District Export Promotion Committees (DEPCs) at the district level has been created in all districts of the country to provide support for export promotion and address the bottlenecks for export growth in the districts.

This information was given by the Minister of State for Ministry of Commerce & Industry, Shri Jitin Prasada, in a written reply in the Lok Sabha today.

Source: pib.gov.in– July 29, 2025

HOME

****

Ministry of Textiles Press Release

- DEVELOPMENT OF PASHMINA
- SUBSIDIZED JUTE IMPORTS
- SUBSIDIES UNDER NHDP
- SILKWORM REARING SHEDS CONSTRUCTED UNDER SILK SAMAGRA-2
- SKILL DEVELOPMENT UNDER SAMARTH SCHEME

Source: pib.gov.in– July 29, 2025

HOME

****

Trump says India may face 20-25% tariff but trade deal not yet finalised

US President Donald Trump has said the trade deal with India is not finalised, as he stressed that India imposes more tariffs than almost any other country.

Trump spoke to reporters on Tuesday on Air Force One on his way back to Washington from Scotland and was asked about the trade deal with India.

“No, it’s not,” Trump said when asked if the deal with India is finalised.

He was also asked about reports that India is preparing to face higher US tariffs between 20-25 per cent, to which he replied, “I think so.”

Trump described Prime Minister Narendra Modi as a friend.

“And you know, they ended the war with Pakistan at my request, and that was great. And Pakistan did also...we did a lot of, a lot of great settlements, including the recent one, as you know, with Cambodia,” Trump said.

He again repeated the claim that he stopped the conflict between India and Pakistan through trade. On what he is expecting from the deal with India, he said, “We are going to see. But India has been a good friend. But India has charged basically more tariffs than almost any other country...over the years. But now I'm in charge, and you just can't do that."

"I think the trade deals are working out very well, hopefully for everybody but for the United States, they're very, very good.”

A US team will visit India on August 25 for the next round of negotiations for the proposed bilateral trade agreement between the two countries, an official said in New Delhi on Tuesday.

Though the team is coming at the end of next month, both sides remain engaged to iron out differences for an interim trade deal before August 1, which marks the end of the suspension period of tariffs imposed by US President Donald Trump on dozens of countries, including India (26 per cent).

India and the US teams concluded the fifth round of talks for the agreement last week in Washington.

On April 2 this year, Trump announced high reciprocal tariffs. The implementation of high tariffs was immediately suspended for 90 days till July 9 and later until August 1, as America is negotiating trade deals with various countries.

Source: thehindubusinessline.com– July 30, 2025

HOME

****

IMF ups India's GDP forecast for FY26, FY27 to 6.4%

Amidst tariff uncertainty, International Monetary Fund on Tuesday raised India's growth forecast by 20 basis points for the current fiscal and 10 basis points for the next fiscal. This is lower than RBI projection (6.5 per cent) but within the range of growth forecast by the Economic Survey (6.3-6.8 per cent) for the current fiscal.

"In India, growth is projected to be 6.4 per cent in 2025 (FY25-26) and 2026 (FY26-27), with both numbers revised slightly upward, reflecting a more benign external environment than assumed in the April reference forecast," IMF said in its update on World Economic Outlook.

In April, the multilateral agency had lowered forecast for FY26 by 30 basis points to 6.2 per cent and for FY27 by 20 basis points to 6.3 per cent. It means, despite the upgrade, growth projection is still lower than January's forecast.

Notably on July 23rd, Asian Development Bank (ADB) and India Ratings & Research (Ind-Ra) lowered India's growth forecast for fiscal year 2025-26 (FY26) by 20 and 30 basis points, respectively. While ADB estimated growth to be 6.5 per cent, Ind-Ra projected 6.3 per cent growth.

ADB cited the impact of US baseline tariffs and associated policy uncertainty for revising growth forecast. Ind-Ra too listed the uncertain global scenario from the unilateral tariff hikes by the US for all countries and weaker-than-expected investment climate as headwinds likely to impact growth.

This Monday, in its monthly economic review, the Finance Ministry said the first quarter of FY26 presents a picture of resilient domestic supply and demand fundamentals. With inflation remaining within the target range and monsoon progress on track, the domestic economy enters the second quarter of FY26 on a relatively firm footing.

Global Forecast

Meanwhile, regarding the global economy, the update said that growth is projected at 3.0 per cent for 2025 and 3.1 per cent in 2026. The forecast for 2025 is 0.2 percentage point higher than that in the reference forecast of the April 2025 World Economic Outlook (WEO) and 0.1 percentage point higher for 2026.

"This reflects stronger-than-expected front-loading in anticipation of higher tariffs; lower average effective US tariff rates than announced in April; an improvement in financial conditions, including due to a weaker US dollar; and fiscal expansion in some major jurisdictions," the update said.

On inflation, it said that global headline number is expected to fall to 4.2 per cent in 2025 and 3.6 per cent in 2026, a path similar to the one projected in April. The overall picture hides notable cross-country differences, with forecasts predicting inflation will remain above target in the US and be more subdued in other large economies.

Source: thehindubusinessline.com– July 30, 2025

HOME

****

US team to visit India on August 25 for next round of trade pact talks

Amid uncertainty over US tariffs beyond the August 1 deadline, a team of American trade negotiators is set to arrive in New Delhi on August 25. Both sides are straining to move forward with the negotiations for a bilateral trade agreement, although there is still no clarity on what India would face after the deadline lapses.

While discussions continue virtually between the two sides in crucial areas, including market access for sensitive items, senior US officials have indicated that a deal is not yet on the horizon.
US pushes India to open markets

"There is no clarity yet for India on what the tariff situation would be on August 1. Since India has not got a tariff letter from Trump indicating a new tariff rate, like some other countries, the wait is on to see how things pan out," a source tracking the matter told businessline.

US Trade Representative Jamieson Greer indicated on Monday that efforts would be made to persuade India to lower tariffs on all products.

"The President is in a mode to have a deal that substantially opens their (India's) markets. That they open everything or near everything...They have expressed strong interest in opening portions of their market.

We of course are willing to continue talking to them. But I think we need some more negotiations on that with our Indian friends to see how ambitious they want to be," Greer said in an interview.

India fears 15–20% or higher tariffs

The best-case scenario for India would be to have the tariff deadline extended. If not, it may face reciprocal tariffs of 15-20 per cent, as recently indicated by US President Donald Trump for all countries that have not received tariff letters or reached deals.

"For the world, I would say it'll be somewhere in the 15 per cent to 20 per cent range. I just want to be nice," Trump said on Monday in Scotland.

The US could also revert to the reciprocal tariffs announced on April 2, which in India's case was 26 per cent. The April 2 tariffs were postponed by Trump till July 9 and then again till August 1 to give time to countries to strike trade deals with the US. A uniform baseline reciprocal tariff of 10 per cent, however, was applied on all countries in April itself.

Trump said he announced the reciprocal tariffs to level the field for US companies that face high tariffs in foreign markets and to also bring down the trade deficit.

Efforts on for interim or tranche-based deal

India and the US have been engaged in BTA talks since March this year to conclude the first tranche by Fall (September-October). India has also been trying to reach an interim deal with the US to persuade the country to postpone the reciprocal tariffs. But high ambitions from the US, particularly in agriculture, have made the going difficult.

The US has reached trade deals with the EU, Japan, Vietnam and Indonesia, but these countries/blocs will still attract US tariffs of 15 per cent or higher on most items.

Source: thehindubusinessline.com– July 29, 2025

HOME

****

India's textile ambition stifled by high MMF costs, QCOs, warns Amitabh Kant

India's vision of becoming a global textile powerhouse and generating millions of manufacturing jobs is facing significant headwinds, largely due to policy hurdles surrounding man-made fibers (MMF).

As highlighted by former Niti Aayog CEO and G20 Sherpa Amitabh Kant, the twin challenges of high import duties and stringent Quality Control Orders (QCOs) on MMF raw materials like polyester and viscose are stifling the industry's competitiveness and growth.

India's textile and apparel sector, despite being one of the largest employment generators, paradoxically lags behind global competitors such as China, Bangladesh, and Vietnam in MMF-based product exports.

The core issue, as Kant says, lies at the raw material stage, where Indian manufacturers face a substantial cost disadvantage.

The cost burden, a 25 per cent premium

Kant's recent remarks underscore a critical point: raw materials for MMF are approximately 25 per cent more expensive in India compared to global competitors. This cost disparity, which increases as products move up the value chain, erodes the India's competitiveness in the global market.

Historically, anti-dumping duties were a point of contention for the MMF industry, making imported raw materials more expensive. While these have largely been eliminated, a new formidable barrier has emerged in the form of Quality Control Orders.

Is QCOs, a double-edged sword?

QCOs, intended to ensure product quality and promote domestic manufacturing, have inadvertently become a non-tariff barrier, limiting the import of less expensive, essential raw materials. For polyester and viscose, QCOs mandate that both domestic and international suppliers obtain Bureau of Indian Standards (BIS) certification to sell their products in India.

Impact on polyester

The Quality Control Order for polyester fibre and yarn, initially slated for implementation in October 2022, was eventually enforced in April 2023. While domestic manufacturers largely possess the BIS license, many foreign manufacturers still face delays in obtaining this certification. This has led to:

• Supply disruptions: Importers struggle to source materials from non-BIS certified foreign suppliers, causing supply chain bottlenecks.

• Increased domestic prices: With limited competitive imports, domestic manufacturers can command higher prices, further contributing to the cost disadvantage.

• Capacity underutilization: Indian manufacturers, dependent on these raw materials, face unutilized production capacity due to limited access to affordable inputs.

In a partial relief, in June 2024, the Indian government exempted polyester staple fibre (PSF), filaments, and spun yarn imported under the Advance Authorisation Scheme from QCOs, specifically for goods intended for export. This move aims to ease procurement for export-oriented units.

Impact on viscose

Similar to polyester, Quality Control Orders on Viscose Staple Fibre (VSF) came into effect in March 2023, with a further notification in September 2024 suggesting QCOs on Viscose Spun Yarn (VSY). The industry, particularly in textile hubs like Tamil Nadu, has constantly urged the government to revoke these QCOs on viscose.

• Reliance on a single domestic source: Grasim Industries is reportedly the sole producer of VSF in India, and QCOs on VSF imports have significantly limited access to competitively priced VSF from countries like China, Thailand, and Indonesia.

• Higher input costs: Reduced competition forces Indian spinners to purchase VSF from the single domestic source at higher prices. Even with Free Trade Agreements (FTAs) that could offer cheaper imported VSF, the QCO negates this cost advantage.

• Production slowdown and job losses: The increased input costs and supply shortages have led to production slowdowns, unit closures, and job losses in the weaving and spinning sectors.

The Directorate General of Foreign Trade (DGFT) did provide some relief by exempting VSF imports from QCOs under the Advance Authorisation Scheme in March 2024 for export purposes. However, industry bodies argue this is insufficient, as only a handful of players can utilize this scheme, and a broader revocation of QCOs on MMF inputs is needed for widespread relief.

The global-local disparity, why MMF matters

Globally, MMF constitutes about 70 per cent of the textile and apparel market, while India's ratio is the inverse, with a greater reliance on cotton (approximately 60 per cent of fibre consumption in India is cotton, while only 40 per cent is MMF). This skewed reliance restricts India's global competitiveness, as MMF offers versatility, cost-effectiveness, and sustainability.

Feature Global textile market (MMF share) Indian textile market (MMF share) Market Share 70% 40% (opposite ratio to cotton) MMF Raw Material Cost Competitive 25% higher than global Major MMF Producers (Global) China (82% of global MMF capacity) India (8% of global MMF capacity) MMF Exports from India $6 billion per annum Lagging behind competitors

Source: Industry reports and government data (approximate figures)
Call for policy rethink

Kant's call for "zero import duties and QCOs on MMF" resonates deeply within the Indian textile industry. The current policies, while perhaps well-intentioned for quality control, are creating an artificial trade barrier, hindering access to crucial raw materials at competitive prices.

Industry associations, including the Confederation of Indian Textile Industry (CITI) and The Southern India Mills' Association (SIMA), have consistently urged the government to review and revoke these QCOs, emphasizing that they are detrimental to the downstream MMF industry, which has high employment elasticity. They argue that instead of ensuring quality, QCOs are creating supply disruptions and driving up domestic prices.

The path forward

To truly unlock the potential of millions of small enterprises, accelerate their growth, generate large-scale employment, and position India as a global textile powerhouse, policymakers must prioritize a shift towards a more liberal import regime for MMF raw materials. This includes:

Eliminating import duties: Reducing import duties to zero on key MMF raw materials would instantly lower input costs, making Indian products more competitive.

Scrapping or reforming QCOs: A thorough review of QCOs is crucial, perhaps adopting a more nuanced approach after extensive consultation with all stakeholders, particularly MSMEs. The focus should be on ensuring quality of end-products, rather than creating barriers at the raw material stage.

The Indian textile industry stands at a critical juncture. By addressing the fundamental issues of raw material competitiveness through a re-evaluation of import duties and QCOs, India can indeed weave a stronger, more competitive future in the global textile landscape.

Source: fashionatingworld.com– July 28, 2025

HOME

****

FTA with UK: What's at stake for Indian artisans?

The recently wrapped-up Free Trade Agreement (FTA) between the United Kingdom and India is set to significantly boost bilateral trade, potentially adding over $34 billion to the annual figures. It's been extensively admired for its promise to reduce tariffs and improve access in key sectors like automobiles, pharmaceuticals, and services.

However, this agreement has raised some eyebrows among intellectual property supporters and artisanal communities. They're concerned about how it might affect the protection of India's Geographical Indications (GIs). These labels signify that a product originates from a specific area, with exceptional qualities or reputations connected to that region.

India boasts over 500 registered GIs, particularly in handicrafts, textiles, and natural products. Sadly, the FTA falls short in providing acceptable legal safeguards for numerous cultural and economic treasures.

This report dives deep into the menaces and flaws highlighted in Chapter 13 of the FTA, which deals with Intellectual Property Rights (IPR) and the mutual recognition of GIs. It divulges notable inconsistencies between the UK–India agreement and India's GI legislation, specifically the Geographical Indications of Goods (Registration and Protection) Act, 1999. Additionally, the report suggests policy adjustments to safeguard Indian artisans, rural economies, and traditional knowledge systems from international trade duties that overlook non-agricultural GIs' cultural and economic significance.

The Free Trade Agreement (FTA) between India and the United Kingdom marks a pivotal moment in the economic and diplomatic ties between the two nations.

This agreement aims to boost trade by reducing tariffs, streamlining customs processes, and enhancing collaboration across various sectors. Chapter 13 explicitly addresses intellectual property rights to establish a framework for recognising and safeguarding geographical indications (GIs) between the two countries.

At first glance, including GI protections seems like a step in the right direction. By 2025, India is set to have over 500 GIs registered under its national laws, covering everything from agricultural goods to intricate handicrafts and textile traditions that reflect centuries of cultural heritage. However, a deeper dive into the FTA reveals that it falls short in fully recognising or protecting non-agricultural GIs. This represents a notable departure from India's comprehensive approach to GIs and could jeopardise numerous economically vital products for rural communities, a testament to India's rich cultural diversity.

A critical omission

One significant shortcoming of the FTA is that it overlooks handicrafts, manufactured goods, and natural products regarding GI protection. While it does cover agricultural items, wines, and food products, the absence of a specific mechanism to safeguard India's artisanal and traditional industries is quite concerning.

Take, for instance, the Banarasi Sarees from Uttar Pradesh, Aranmula Kannadi from Kerala, Thanjavur Paintings from Tamil Nadu, and Channapatna Toys from Karnataka. Each of these has a rich history and a unique community production system, yet they don't get the recognition they deserve in this agreement.

This oversight undermines the hard work of Indian lawmakers, NGOs, and producer communities who have fought for legal recognition and market access for traditional crafts. According to India's Geographical Indications of Goods Act of 1999, these products are market goods and represent cultural and regional identities.

In contrast, the FTA seems to adopt a more European or Western perspective, prioritising GIs closely linked to trademark protections. This approach fails to appreciate the intricate, community-driven, and often intangible aspects of many Indian GIs.

New risks

The FTA's reliance on a trademark-style GI framework adds a layer of complexity. In this setup, recognition often hinges on formal trademarks or certification marks, which might not be practical or suitable for many of India's traditional goods crafted by informal artisan groups or cooperatives. This brand-focused approach not only overlooks India's legal tradition of collective ownership and community rights but also paves the way for commercial exploitation and misappropriation.

One particularly concerning outcome is the risk of reverse passing off, where foreign companies might register trademarks that reference or resemble Indian GIs. These companies could then legally sell products that imitate Indian designs or production methods without returning anything to the original communities. In such situations, Indian GI producers would find themselves in lengthy legal battles in foreign courts, especially in the UK, to prove infringement — a daunting, costly, and often unrealistic task for most artisan groups. This legal imbalance could ultimately undermine the market value and cultural significance of Indian GIs.

Consequences for Indian producers

The socio-economic impact of this regulatory gap is significant. Many Geographical Indications (GIs), especially in the craft and textile industries, are the economic backbone of their communities. Take Baluchari Sarees from West Bengal, Madhubani Paintings from Bihar, Pochampally Ikat from Telangana, and Kalamkari from Andhra Pradesh — these items are not just products; they embody local employment, cultural identity, and social unity.

By leaving these goods out of the Free Trade Agreement's protection measures, the deal essentially cuts these communities off from the advantages of increased trade. Their products become more susceptible to imitation and misrepresentation in the UK market, and without enforceable rights, they have no means to seek justice. Artisans find it nearly impossible to protect their rights internationally without legal support from the government or dedicated monitoring organisations.

Legal incompatibility

The core legal philosophies behind the Indian GI Act and the IPR chapter of the FTA are pretty different. India's 1999 GI Act is built on a rights-based framework emphasising collective ownership, traditional knowledge, and craftsmanship tied to specific regions. It sees Geographical Indications as commercial branding tools and a necessary means to preserve and promote cultural heritage.

On the other hand, the UK–India FTA is more in line with international trademark law, focusing on individual ownership, formal registration, and commercial use. This creates a mismatch, where Indian producers have their rights acknowledged at home but find them unenforceable or irrelevant in international markets like the UK. In an era where ethical sourcing, sustainability, and authenticity are crucial to consumer choices, these gaps make it harder for India to leverage its unique soft power and artisanal exports.

Missed opportunity

The lack of explicit protections for India's textile GIs is unfortunate. The Indian textile industry is worth over $200 billion and employs millions. It is one of the most promising areas for export growth. Heritage fabrics like Chikankari from Lucknow, Kullu Shawls from Himachal Pradesh, and many other GI-registered textiles are highly sought, especially by diaspora communities and ethically minded consumers in the UK.

If the FTA had included a robust section dedicated to protecting these non-agricultural geographical indications (GIs), it could have sparked a significant boost in exports, positioned India as a frontrunner in sustainable artisanal fashion, and offered essential legal safeguards against imitation. Unfortunately, without clear guidelines, Indian weavers and producers are left vulnerable to cheap knock-offs and design theft in the global marketplace. This not only jeopardises the cultural significance but also the economic value of these unique products.

Heritage or trade?

The UK–India Free Trade Agreement is a significant development that deepened bilateral economic relations. However, within its legal text are silences and exclusions threatening to undermine the communities it aims to empower. The omission of strong protection for non-agricultural GIs is a legal shortcoming and a larger policy failure that ignores the worth of India's cultural heritage, rural entrepreneurship, and traditional knowledge systems.

As the agreement proceeds towards implementation, India still has a small window of opportunity to raise these issues. This would safeguard artisan livelihoods and cultural integrity and establish India as a world leader in fair, inclusive, and heritage-sensitive trade practices. The moment is now — before the costs become unrecoverable.

Source: thehindubusinessline.com– July 29, 2025

HOME

****

India-UK trade deal: Navigating through worldwide economic chaos

A New Benchmark in International Diplomacy:

At a time when the entire world is reeling from rising geopolitical conflicts, widespread uncertainty, and rapidly increasing protectionism, India struck the most comprehensive bilateral trade deal ever with the United Kingdom on July 24, 2025.

The deal spans far beyond traditional merchandise exports and imports to cover services, digital trade, movement of persons, labour issues, the environment, government procurement, and government-to-government dispute settlement, and is technically termed the Comprehensive Economic Trade Agreement (CETA). India's historic relationship with the UK since colonial times, alongside long-standing cultural and social exchanges backed by a shared democratic system based on the Westminster form of democracy, makes the two nations natural allies with multiple mutual complementarities.

Deliberations for the deal commenced during the tenure of Boris Johnson as the Prime Minister of the UK in January 2022 but were delayed due to the complexity of negotiations, primarily due to a broad spectrum of contentious issues, ranging from the movement of people and visa regulations, services trade, and patent laws, to climate change, data localisation, and non-tariff trade barriers, in addition to political instability in the UK, which witnessed four distinct British Prime Ministers during the negotiating period.

Bilateral negotiations involved a battalion of high-profile negotiators with cutting-edge multidisciplinary expertise from both sides, who navigated the turbulent waters of sensitive, often conflicting, national interests in a landscape characterised by frequent economic and geopolitical shifts spanning three and a half years and fifteen rounds of deliberations. Finally, the landmark trade deal was concluded and jointly declared on May 6, 2025, by Indian Prime Minister Narendra Modi and British Prime Minister Keir Starmer.

Indian negotiators are to be complemented for safeguarding India's strategic interests under trying circumstances and arriving at a mutual consensus of trade-offs during the challenging rounds of negotiations.

Major Gains for India's Exports

Average import tariffs on British goods in India, which are likely to decline from 15% to 3%, will benefit Indian consumers, especially in sectors such as medical devices, cars, cosmetics, and alcoholic beverages. The India-UK CETA opens up massive opportunities in the UK economy worth over $3.8 trillion, hitherto grossly unexplored. Under the agreement, nearly 99% of Indian merchandise covered under tariff lines will now enjoy duty-free access to the UK market, including major labour-intensive exports such as textiles, footwear, toys, engineering goods, and gems and jewellery.

Textiles and apparel have been a sector of high concern as it offers the second-largest employment after agriculture, offering jobs to over 48 million people, accounting for a 7.6% share of India's exports yet accounting for merely 3.9% of the world market. India's share in the UK's large textile and apparel market of $28.7 billion is merely 6.6%, compared to Bangladesh's 22%, which employs a much lower workforce of 5 million, leveraging mostly technology, supply chain, and operational efficiencies.

To make Indian products competitive, duty reduction in major markets has long been the demand of the Indian textile and apparel industry. As Bangladesh, along with many LDCs, enjoys duty-free entry under GSP schemes to the UK, the CETA with duty-free access to Indian exports compared to the 8-12% previously would provide a much-needed critical edge to Indian garments and textiles in the British market and help boost exports.

Additionally, the deal opens up immense opportunities to expand in the UK's vast, unexplored market of $37.5 billion for agricultural products and $51 billion for processed foods and beverages, with India's share being less than 2%.

Given the duty-free access of 99% of processed foods and 95% of agricultural products to UK markets, from a previous import tariff of 8-70%, this could prove to be a critical factor in boosting India's agricultural exports, a sector irrefutably indispensable to the rural economy and employment. Notably, processed foods, Indian spices, tea, coffee, cereals, pulses, and vegetables are likely to be the major gainers from tariff elimination.

Coming to the processed food market in the UK, which attracts a high import duty of up to 70%, the deal has now provided access to 99.7% of products under the tariff line. This could essentially prove to be a game changer that would not only enhance India's processed food exports but also lead to improved innovation and quality across the industry, contributing to its global competitiveness.

Tariff elimination also offers immense opportunities for Indian spices, which already dominate the UK market of $412 million with a 23% share after the Netherlands, but are subjected to 8-20% import duties.

An FTA Beyond Merchandise Trade

In addition to trade in goods, the trade agreement also paves the way for significant expansion of exports of services, wherein professionals such as yoga instructors, chefs, musicians, etc., get improved access by granting 1,800 visas.

Moreover, under the Double Contribution Convention (DCC), short-term workers posted for up to 3 years won't be required to pay social security contributions in both countries, which would considerably enhance their competitiveness and savings. Additionally, it would improve the cost-efficiency of Indian companies operating in the UK.

For the first time, the agreement includes binding commitments to grant non-discriminatory access to Indian companies in the UK's $122 billion public procurement market, covering goods, services, and construction.

CETA also embeds within itself a strong government-to-government dispute settlement mechanism, enabling a swift resolution of trade-related disputes.

In fact, several critical non-trade issues such as environmental standards, labour rights, anti-corruption, gender equity, etc., are integrated within the FTA. In addition to this, a bilateral investment treaty is being negotiated separately between the two countries.

Explicitly, the India-UK trade deal seems to be a highly balanced and comprehensive trade agreement that would be a clear win-win for both countries, likely to create millions of jobs and enormous opportunities for bilateral trade and investment.

However, its effective implementation is the key, which calls for meticulously chalked-out implementation strategies based on thorough research and grassroots stakeholder consultations, commitment, and the ability of central and state governments, along with hundreds of their departments across the country, to refrain from working in silos and come together to harness the full potential of CETA, leading to a multiplicity of direct and its immense spin-off gains.

Source: business-standard.com– July 29, 2025

HOME

****

Two days to go: No clarity over US tariffs, trade pact talks on

With two days remaining for the August 1 deadline when the US' higher tariffs come into force, there is no clarity on the likely tariff on India even as the two countries are engaged in intense trade negotiations.

"We are engaged in talks but only the US knows what the tariffs will be," an official told ET. "Their team is coming here on August 25 for the next round of talks."

US President Donald Trump on Monday said most trading partners that have not negotiated separate trade deals would soon face tariffs of 15-20% on their exports to the US, well above the baseline 10% tariff he imposed in April.

"I would say it'll be somewhere in the 15-20% range," he said. "Probably one of those two numbers."

Trump said his administration will notify some 200 countries soon of their new "world tariff" rate.

On April 2, Trump had announced high reciprocal tariffs on most countries. Their implementation was suspended for 90 days till July 9, and later until August 1.

As part of its trade deal talks with Washington, New Delhi has not yielded its position on the US demand for duty concessions on agricultural and dairy products, officials said.

US trade secretary Howard Lutnick Tuesday said in an interview to American media: "We have put the deals on the table and now it is up to president Trump whether he wants to accept (them) or not". US trade representative Jamieson Greer said Monday more talks were required for any kind of a deal with India.

India has, so far, not given any duty concessions in the dairy sector to any of its trading partners in a free trade agreement (FTA).

India and the US concluded the fifth round of talks for a bilateral trade agreement (BTA) in Washington last week. They aim to conclude talks for the first tranche of the deal by October-November this year.

The US move to raise baseline tariffs to 20% from 10% means that countries with a trade deal with the US could face tariffs in the 10-20% range while those that do not have a trade pact may be hit with even higher rates, experts said.

"Trump's claim that the global baseline tariff will soon be 15-20% is misleading," a Delhi-based expert on trade issues said on condition of anonymity. "The reality is that over half the global trade still operates at zero or low Most Favoured Nation tariffs. This effectively weaponises tariffs as a permanent fixture of US trade policy-no longer as a negotiating tool, but as a default position."

As per the World Trade Organisation (WTO), the measures announced by the US could lead to an overall contraction of around 1% in global merchandise trade volumes this year. Despite these new measures, the vast majority of global trade still flows under the WTO's MFN terms, but its share currently stands at 74%, down from around 80% at the beginning of the year.

"With August 1 deadline for finalising new deals nearing, the White House may aim to secure one more big pact-this time with India," think tank GTRI said in its report.

Source: economictimes.com– July 29, 2025

HOME

****

India eyes uniform 12% GST on textile value chain

India may reconsider the Goods and Services Tax (GST) structure across the entire textile value chain. The current differential tax rates on various textile products are not only creating an inverted duty structure—where raw materials are taxed higher than downstream products—but are also making it difficult for industry players to claim input tax credit (ITC).

The GST Council may bring forward a proposal to introduce a uniform tax rate of 12 per cent on all products in the textile value chain. This aims to simplify the tax structure, increase industry competitiveness, and attract investment. However, such a proposal could raise taxes and prices on cotton, potentially reducing its appeal in comparison to synthetic fibres, which are currently taxed at higher rates.

Government sources have indicated that the proposal may be considered by the GST Council before September as part of the next phase of GST reforms. It is likely to feature in the rate rationalisation report by the Group of Ministers (GoM). The proposal aims to correct the long-standing inverted duty structure in the sector.

At present, cotton is taxed at 5 per cent, yarn at 12 per cent, and synthetic fibres—as well as the chemicals used to produce them—at 18 per cent. Garments priced below ₹1,000 attract 5 per cent GST, while those priced above ₹1,000 are taxed at 12 per cent.

The Indian industry has long been demanding a correction in the inverted duty structure to enable manufacturers to claim ITC. This distortion imposes an indirect financial burden on the sector and reduces its global competitiveness. A simplified and uniform tax rate would not only ease this burden but also attract fresh investment.

Government officials and the GST Council have acknowledged the challenges faced by the industry. The Council is working on a broader move to simplify GST in general, aiming to boost the country's growth rate.

Under the proposed plan, the GST rate on synthetic fibres would be reduced from 18 per cent to 12 per cent. However, the tax on cotton would rise from 5 per cent to 12 per cent.

Garments—the final product in the textile value chain—would also be subject to a uniform 12 per cent tax, regardless of retail price. Currently, garments priced below ₹1,000 are taxed at 5 per cent, while those priced above that threshold attract 12 per cent. Hence, the tax rate for low-priced garments would increase, while that for higher-priced garments would remain unchanged.

While the proposed tax adjustments may ease compliance for the textile industry, the cotton value chain could come under pressure due to the higher tax burden. Cotton fibre and fabric, currently taxed at 5 per cent, would see the rate rise to 12 per cent. Cotton yarn and thread—as well as their synthetic counterparts—are already taxed at 12 per cent. Thus, the cotton value chain also suffers from an inverted duty structure.

A yarn trader from Delhi told Fibre2Fashion, “A uniform tax rate of 12 per cent would simplify taxation for the textile industry if the GST Council approved the proposal.

However, raising the tax on cotton fibre and fabric from 5 per cent to 12 per cent will increase their prices. Currently, cotton-based products attract lower GST than synthetic ones. Since synthetic fibre, yarn, and fabric are already cheaper than cotton, a higher tax on cotton will widen the price gap and make cotton products comparatively more expensive.”

The proposal may also include removing the ₹1,000 price threshold for garments and applying a flat 12 per cent GST across all apparel, regardless of value.

Source: fibre2fashion.com– July 29, 2025

HOME

****