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USD	EUR	GBP	JPY
87.82	101.46	116.65	0.60

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INTERNATIONAL NEWS

EU Delays Duties on US, While India and China Negotiations are Snarled by Russia Conflict

Following a whirlwind week of tariff announcements, United States trade partners are assessing the fallout of President Donald Trump's tariff regime.

Monday saw the European Union suspend its planned countermeasures, which were set to take effect Thursday, for a period of six months—a notable concession from the trade bloc and its 27 member nations.

European Commission president Ursula von der Leyen met with Trump last week in Scotland to hash out a trade deal wherein the EU will face 15 percent duties on a wide range of products imported into the U.S. market. In turn, U.S.-made goods will face zero new duties.

Meanwhile, after levying a hefty 25-percent tariff on goods from India last week (despite claiming a chummy relationship with the country's prime minister, Narendra Modi), Trump has issued a new threat against the country: stop buying Russian oil or risk seeing even higher duties.

On Monday, Trump reiterated his displeasure about India's continued purchase of Russian oil, accusing the country of buying—and selling—the oil on the open market at a profit. "They don't care how many people in Ukraine are being killed by the Russian War Machine. Because of this, I will be substantially raising the Tariff paid by India to the USA," the president Truthed.

India's Ministry of External Affairs responded to the threat, saying that the country has been "targeted" by both the EU and the U.S. for importing oil from Russia as a result of the war in Ukraine. But spokesperson Randhir Jaiswal claimed that India began importing Russian oil because "traditional supplies were diverted to Europe after the outbreak of the conflict"—a shift that he said the U.S. encouraged.

Jaiswal also accused both the U.S. and the EU of hypocrisy in their own trade dealings with Russia, calling out Europe's significant bilateral trade of goods with the country, amounting to 67.5 billion euros (\$78 billion).

The Ministry said European nations also imported a “record” 16.5 million tons of liquefied natural gas from Russia.

The U.S. continues to import inputs like uranium hexafluoride for its nuclear industry, along with palladium for electric vehicles and other fertilizers and chemical inputs, the Ministry contended.

“In this background, the targeting of India is unjustified and unreasonable. Like any major economy, India will take all necessary measures to safeguard its national interests and economic security,” Jaiswal added.

Trump has repeatedly criticized India—and China—for their ties to Russia through the BRICS Alliance, which also includes Brazil, South Africa, Egypt, Ethiopia, Iran, the United Arab Emirates and Indonesia. The president has decried the trade bloc’s past suggestions that it could create a new unified currency and reduce members’ dependence on the U.S. dollar.

China has faced rocky negotiations with trade officials in recent months, largely due to its massive trade imbalance with the U.S.—a fact that has needed Trump since his first term in office, when he implemented Section 301 duties on \$380 billion-worth of China-made products. But the country’s participation in BRICS and its close trade ties with Russia have also raised major concerns for the U.S. president.

Two days of negotiations between U.S. and Chinese trade officials in Stockholm last Monday and Tuesday came and went without a resolution, though Trump expressed hopefulness that a “very fair deal” could be brokered soon.

During the meetings, Treasury Secretary Scott Bessent reportedly pressed China’s emissaries to pull back on purchasing oil from Russia, or risk paying 100 percent tariffs on exports to the U.S. market.

China is currently the country’s biggest oil recipient, buying about 2 million barrels per day. It has also supplied Russia with \$15 billion in technology that U.S. cabinet officials have said is critical to the country’s offensive against Ukraine.

“China will always ensure its energy supply in ways that serve our national interests,” China’s Foreign Ministry posted on X last Wednesday following the stalled negotiations.

“Coercion and pressuring will not achieve anything. China will firmly defend its sovereignty, security and development interests.”

Source: sourcingjournal.com – Aug 04, 2025

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Mexico Hikes Duties on Low-Value Goods, Dealing Another Hurdle for Shein, Temu

Mexico has changed its strategy toward low-value shipments.

The country has raised its duties for low-value shipments inbound from most countries. The new duty, which sits at 33.5 percent—as compared with the previous rate of 19 percent—applies to shipments valued at \$2,500 or less, per Mexico News Now.

The increased rate applies to countries which have no standing trade agreement with Mexico, like China; Canada and the U.S., which do have a trade agreement with their neighbor to the South, have a different rule. Items inbound to Mexico from the U.S. will be subject to a 17 percent duty, if the cost of the shipment sits between \$50 and \$117. Items worth less than \$50 will stay duty free and items above \$117 will be subject to the 19 percent duty.

A reform detailing the change posted to the Mexican government website said the change will take effect August 15.

Upping the duty rate on low-value parcels is likely to impact low-cost e-commerce players, like Shein and Temu, both of which have already seen significant changes to their ability to operate without duties in the U.S. market because of the collapse of the de minimis exemption.

Ram Ben Tzion, CEO of Ultra Information Solutions, said that as the U.S. and others reevaluate their approaches toward low-value shipments, Shein, Temu and others will need to change their business strategies. Ben Tzion said Temu, in particular, could see some struggles; the company operates as a marketplace, so its sellers could be hit with—or pass on to their consumers—the burden of paying extra to account for duties in different locales. Shein, contrastingly, sells its own fast-fashion products and boasts a marketplace where others can sell their products.

“These two players, as well as others, will need to revisit their value proposition and what their business model is. With Shein, I would expect it to go back to fast fashion. With Temu, I doubt they have a viable business case,” he explained.

Mexican consumers may begin to see price hikes on goods from their favorite marketplaces; Ben Tzion said that may drive some people away, pushing them toward brand names with some level of affordability to replace consumers' fast-fashion urges.

"I would expect to see people be more aware, not just of the price, but of the origin of the product. Therefore, more consumption will move from the big e-commerce marketplaces to direct sourcing of e-commerce, or online shopping from the end brand that you're after," he said. "Branded goods will now have more value than the non-branded items that Temu and Shein have offered."

Some have suggested that Mexico's work to curtail the flow of low-cost goods from China could be a play to placate the U.S. government, particularly as President Donald Trump continues negotiating on tariffs with several countries, including Mexico. Ben Tzion said in actuality, he believes Mexico's government is actually working to stimulate its own economy.

He pointed to the fact that President Claudia Sheinbaum's administration declared a temporary tariff on fashion and apparel items, good through 2026, in an effort to pump life into Mexico's manufacturers as one such example of that strategy and said he believes the increased duty on low-cost goods is the next step forward.

"Over the last several months, the Mexican government and Mexican customs leadership have shown to be very agile in adapting to the new world order of tariffs.

While many times, we think of this as a reaction or as a measure to appease the U.S. government to avoid duties, it's actually about preserving Mexican economic interest and value," Ben Tzion said.

Ben Tzion said that if Mexico had not chosen to up the duty, it would have been even more likely to see an influx of low-value goods shipped into the country, then shipped to other destinations—primarily the U.S.—by using advantageous tariff rates, despite the U.S.'s increasingly guarded position on transshipping.

By making it less interesting to ship low-cost goods into Mexico, the government is likely lightening the load on customs and ensuring that it keeps transactions in the country.

“It’s a way to ensure that they don’t become a proxy to bypassing de minimis regulation and that they sustain value in the country,” he said. “It’s important to look at Mexico as Mexico first. We’re always seeing how countries react or respond to [Trump’s] America First trade policy. They are perhaps a very good example of how a solid strategy and a lot of professional work can adapt quickly and effectively to the new world of global trade.”

He expects that, with some work, other countries might adopt a similar approach. Rather than allowing e-commerce players to capitalize on existing trade loopholes and exemptions, global countries may instead choose to tighten up their compliance guardrails.

Ben Tzion said Asian markets that have a vested interest in pushing consumers toward goods made in their own countries, rather than seeing them buy from China, may soon change their duties and regulations. He called the European Union, which earlier this year proposed regulations that would see a per-parcel flat tax on such imports because of the economic impact of companies like Shein and Temu, “in desperate need to take action, but not very quick to adapt.”

Nonetheless, he expects to see changes coming from all sides in the coming months and years, particularly as U.S. trade positions continue shifting.

“As a whole, the understanding that e-commerce cannot remain a vacant space where no enforcement, no compliance and no tariffs are applied is going to become a global standard, because e-commerce has become a significant part of every country’s trade activities,” Ben Tzion told Sourcing Journal.

Source: sourcingjournal.com– Aug 04, 2025

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USA: Consumers Stand to Pay Up to 40% More for Shoes, Apparel Due to Tariffs

Consumers are facing the highest tariffs since the Great Depression, and they stand to lose an average of \$2,400 in household income this year due to the effects of trade turmoil.

That's according to Friday's Yale Budget Lab State of U.S. Tariffs report, which indicated that consumers currently face an overall average tariff rate of 18.3 percent (the highest since 1934), and after consumption shifts, that rate will stand at 17.3 percent, the highest since 1935.

President Donald Trump's 2025 tariff regime disproportionately impacts fashion products, with shoppers facing 40 percent higher footwear and accessories prices and 38 percent higher apparel prices in the short term, according to the Budget Lab's analysis of commodity prices. The researchers surmised that shoes and clothing stand to remain elevated in price, at 19 percent and 17 percent, respectively, for the long haul.

The price levels resulting from the 2025 tariffs will rise by an average of 1.8 percent in the short run, assuming that the Federal Reserve declines to react to the new duty rates. Meanwhile, the U.S. gross domestic product (GDP) growth over this year and next year will be 0.5 percentage points lower each year. Over time, the country's economy will shrink by 0.4 percent (or the equivalent of \$120 billion annually in 2024).

According to the researchers, "In the long-run, tariffs present a trade-off" for U.S. GDP. On one hand, American manufacturing output stands to grow by 2.1 percent, "but these gains are more than crowded out" by contractions in other sectors, like construction output (slated to contract by 3.5 percent) and agriculture (expected to decline by 0.9 percent).

All tariffs issued to date this year will raise \$2.7 trillion between 2026 and 2035, but there stand to be negative dynamic revenue effects—like reduced consumer spending and tariff retaliation from trade partners—that bring down that revenue to \$2.2 trillion, a loss of \$466 billion.

Thursday evening's tariff shakeup informed these projections, when the Trump administration released a new list of "reciprocal" duty rates—some higher, and some lower—than those announced in April.

The implementation of the rates—aside from 35-percent duties on Canada, effective on Friday—will be delayed until Aug. 7. Notably, negotiations with certain key apparel sourcing partners are still in flux. Trump announced last week that Mexico and the U.S. plan to extend their current deal (by which the country to the South pays 25-percent tariffs on goods not covered by the free trade agreement), by three months to leave breathing room for further talks.

Meanwhile, the expiration of the bilateral pause on retaliatory duties between the U.S. and China ends Aug. 12, though trade officials from both nations have been heavily engaged in discussions about whether to extend the pause or broker a new agreement. While most of the tariff rates announced last week are higher than those announced by the president on “Liberation Day,” burgeoning apparel sourcing destinations like Bangladesh, Cambodia, Malaysia, Sri Lanka and Thailand will now see lower rates than previously threatened.

Source: sourcingjournal.com– Aug 04, 2025

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HFPA: Unpredictable tariff rates could lead to empty shelves

New York – The Home Fashion Products Association (HFPA) is urging the U.S. Department of Commerce to provide greater clarity on tariff frameworks and timelines following President Trump’s Aug. 1 tariff announcement. Among the top three sourcing countries for home textiles, the rates now stand at 30% for China, 25% for India and 19% for Pakistan. Additional sourcing companies were given tariff hikes as well, including 15% tariffs for Turkey and Portugal. The new rates are scheduled to take effect Aug. 7 – barring last-minute negotiations or further shifts from the White House. In a letter to Commerce Secretary Howard Lutnick, the HFPA noted that “persistent abrupt changes” around future tariff rates and policy direction directly affects the organization’s members’ ability to plan, source materials and products, and price goods competitively.

“Additionally, by making it challenging to plan ahead, we are concerned that retailers will have more empty shelves and less product choice for the essential goods that we provide,” the letter stated. “This is especially concerning as the upcoming end of year holidays are critical for consumer spending and a major boost for the broader economy.”

HFPA president Charles Gaenslen also noted that the unpredictability makes it difficult to keep prices low for American consumers, “which is one of our top priorities.” India, which had been producing under a temporary 10% tariff increase, suddenly saw its tariff rate jump to 25% on Aug. 1 – a measure Trump announced just 2 days earlier in retaliation for India purchasing oil and military equipment from Russia in the midst of Russian’s war on Ukraine.

The situation with China is also up in the air. Negotiators from the U.S. and China have yet to extend a 90-day pause on tariffs, which is currently set to expire on Aug. 12. Following talks between the two countries last week, U.S. Treasury Secretary Scott Bessent noted that Trump would have the final say on any renewal of the pause. “Nothing is agreed until we speak with President Trump,” Bessent said at the time, calling the talks “very constructive.”

Source: hometextilestoday.com– Aug 04, 2025

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Resetting Asia's Apparel Map With a New World Sourcing Order

Although the key apparel sourcing countries of Bangladesh, Cambodia, Sri Lanka and Thailand won a reprieve with the steep drop in the imposed tariff numbers in president Trump's missive close to midnight on Thursday, manufacturers from the region largely reacted Friday with a cautious, "Lets wait and watch" attitude.

Thailand and Cambodia were both assigned a 19 percent tariff—down sharply from the original April rates of 46 and 47 percent, respectively—putting them on par with Indonesia's revised rate announced in July.

Among the other countries down to 19 percent are Pakistan, Philippines and Malaysia.

Bangladesh and Sri Lanka now face 20 percent, down from the earlier 37 percent and 47 percent and now comparable to that for Vietnam's 20 percent announced in July.

The greatest relief manufacturers in sourcing countries from Cambodia to Thailand, Bangladesh to Sri Lanka told Sourcing Journal was that with this new reset on tariffs "it was perhaps a relatively level playing field after all."

President Trump announced an extra week for the tariffs to go into effect, on August 7. Regional analysts echoed the cautious optimism suggesting that "negotiations weren't quite done yet" and there might still be room to bring the rates lower.

For many in countries like Bangladesh and Cambodia, there was a sense of deep relief that factory shutdowns and mass job losses might now be averted.

"We're relieved for the time being—because our tariff, and those for competing countries, is now similar, and in some cases lower. It would have been better if it was 15 percent, though," Mahmud Hasan Khan, president of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) told Sourcing Journal.

He added that buyers had begun reviving frozen orders, eager to restock ahead of the coming season. “They don’t want their racks empty.”

Home to a \$40 billion apparel export sector, Bangladesh’s garment industry contributes more than 80 percent of the country’s total export earnings, employing around 4 million workers.

Asked if negotiations would go on in the coming days, he observed, “We have to continue—maybe not in a formal sense but we have to continue working towards it. At this time, we are congratulating our government and those in the frontline for negotiating, and we have also been involved behind the scenes. We would like to focus on business now—it doesn’t depend only on tariff—there are a lot of things that affect business—gas prices, interest rates, labor laws, law and order and the political situation—tariff is only one component.”

Economists have begun weighing the long-term implications of the new tariff landscape.

Mustafizur Rahman, distinguished Fellow at the Centre for Policy Dialogue (CPD), a leading think tank in South Asia in Dhaka observed, “One way to look at it is that the tariff for Bangladesh is down from 35 percent to 20 percent. But it’s still an additional cost burden. The relief for Bangladesh is that it is at least on par with Vietnam. From a competitive standpoint, that levels things.”

However, he cautioned that trade-offs remain unclear. “We know what we’ve received, but due to a non-disclosure clause, we don’t yet know what we’ve given in return. While the apparel sector will benefit, it is important to know how the country itself will fare.”

According to media reports, Bangladesh is expected to buy 25 Boeing aircrafts, increase wheat imports from the U.S., and amend labor laws by reducing the threshold for workers to form unions—from 30 percent to 20 percent.

These developments have offered some reassurance following industry concerns raised after the 2025 Fashion Industry Benchmarking Study released by the U.S Fashion Industry Association (USFIA) earlier this week, which indicated that U.S. fashion executives plan to increase sourcing from Indonesia, India and Cambodia over the next two years, driving by a desire to diversify and mitigate risks.

With India still facing 25 percent tariffs, down only by 1 percent from the earlier announcement of 26 percent – the rest of the region appears to be at an advantage.

Ken Loo, secretary general of Cambodia's Textile, Apparel, Footwear and Travel Goods Association (TAFTAC), echoed regional sentiment. "We're glad the rate has come down," he said.

"We have no idea how this will impact buyers sourcing decisions and consumers yet. Everyone is adopting a wait-and-see approach. It is fortunate that we are all in the same ballpark. We will continue to work with the government to introduce measures that will reduce the cost of doing business and improve our competitiveness," he added.

Emerald Am, chairperson of the European Chamber of Commerce in Cambodia Garment and Manufacturing Committee said that the new rate restored the confidence and signaled a step toward renewed bilateral cooperation for manufacturers, giving them breathing room and an opportunity for brands to reinvest in Cambodian supply chains.

According to media reports Cambodia will buy Boeing 737 Max aircrafts along with eliminating import tariffs, bringing them to zero. Sun Chanthol, deputy prime minister also observed that Cambodia agreed on improving labor standards and import inspection systems and U.S. concerns over non tariff barriers.

Sri Lankan manufacturers likewise expressed relief at the 20 percent rate, with the Joint Apparel Association Forum (JAAF) stating it "preserved the competitiveness of Sri Lanka's apparel industry in the key U.S. markets." Roughly 40 percent of Sri Lanka's \$4.8 billion apparel exports go to the United States.

Meanwhile, government heads across the region have been much more vocal about the impact of the reduced tariffs, congratulating themselves, and claiming success.

Muhammad Yunus, head of Bangladesh's interim government, described it a "decisive diplomatic victory." Malaysian trade and industry minister Zafrul Abdul Aziz said, "This decision by the United States reflects the strong and enduring economic ties between our two nations."

Cambodian prime minister Hun Manet described it as a “a great victory for Cambodia. This is great news for the people and the economy of Cambodia to continue to develop our nation,” he noted, referring to his phone call with President Trump last week. “He told me that will make Cambodia happy (will make you happy). Today, his excellency decided to reduce the tax rate on goods imported from Cambodia to the United States to 19 percent”.

Others also noted the reduction in tariffs to be “a sign of friendship and partnership.”

“The announcement of the 19 percent tariff rate reflects the strong friendship and close partnership between Thailand and the United States. It helps maintain Thailand’s competitiveness on the global stage, boosts investor confidence, and opens the door to economic growth, increased income, and new opportunities for the country,” Thailand’s deputy prime minister and finance minister Pichai Chunhavajira noted in a post on Friday. “The outcome of this negotiation signals that Thailand must accelerate its adaptation and move forward in building a stable and resilient economy, ready to face global challenges ahead,” he said.

The sticking point for much of the region remains the issue of transshipment of goods, with its 40 percent levy—with much of the region intrinsically dependent on China in a variety of ways, how this point will be interpreted—and enforced—remains unclear, as do the final levy of tariffs on China which are still under discussion.

“There are many more unanswered questions,” said one Cambodian manufacturer, speaking anonymously. “Will this change again in one week?”

He admitted that many in the industry remained confused. “But in a way, it feels like a reset button. We’re all back in the same game again—and that’s a relief.”

Source: sourcingjournal.com– Aug 02, 2025

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US manufacturing contracts in July as tariff uncertainty bites: S&P

The operating conditions in the US goods-producing sector deteriorated slightly in July, ending a six-month growth streak, as demand stagnated and uncertainty over tariffs clouded the manufacturing outlook, according to S&P Global.

The seasonally adjusted US Manufacturing Purchasing Managers' Index (PMI) fell to 49.8 in July from 52.9 in June, signalling the first overall contraction in 2025. Weaker market demand drove the decline, with new orders rising only marginally—the weakest pace of the year so far.

Panellists cited persistent client caution, particularly over trade and tariff policies, leading to reduced commitment to new business, especially among overseas buyers. New export orders dropped for the first time in three months, with some manufacturers reporting lower sales to China, the European Union, and Japan, S&P Global said in a press release.

International sales weakened, and federal policy uncertainty further dampened sentiment. Output growth slowed to only marginal levels, while confidence in future production fell to a three-month low. Still, most firms expect output to rise over the next year if trade tensions ease.

Employment declined slightly for the first time since April, with firms reluctant to replace departing staff or hire new workers due to softening demand, excess capacity, and cost concerns. Backlogs of work fell in July, reversing a modest rise in June.

Inventory management also weighed on the sector, as companies reduced stock levels for the first time in three months, opting to draw down existing inventories rather than source fresh inputs. Purchasing activity grew modestly, reflecting the fading impact of earlier efforts to build up stock ahead of anticipated tariffs.

On the pricing front, input costs continued to rise steeply due to tariffs, though the rate of inflation eased significantly from June's near three-year high. Selling prices increased for the second consecutive month, recording the second-sharpest rise since November 2022.

Suppliers were widely reported to be raising charges, but there were some positive developments— average lead times improved for the first time since September 2024, marking the fastest improvement in nearly 18 months, as vendor stock availability and reduced backlogs supported smoother deliveries.

While the sector faced challenges from weakening demand, tariff-related cost pressures, and policy uncertainty, manufacturers remain cautiously optimistic that a resolution to trade tensions could restore stability in the coming year, added the release.

“July saw the first deterioration of manufacturing operating conditions since last December as tariff worries continued to dominate the business environment,” said Chris Williamson, chief business economist at S&P Global Market Intelligence. “The downturn at the start of the third quarter in part reflects the passing of a busy period of tariff-related inventory accumulation in prior months.”

He added that factories saw minimal growth in new orders in July and cut back on stock holdings of both raw materials and finished goods. This followed inventory build-ups in May and June, driven by concerns over rising import costs and potential supply shortages linked to tariff hikes.

“Input prices continued to rise at a steep rate, with these higher costs often being passed on to customers to drive another month of elevated selling price inflation, but there are signs that these price pressures may have peaked back in June,” added Williamson. “Optimism about the year ahead has meanwhile taken a knock as factories worry about reduced demand from customers, especially in export markets, and the inflationary impact of tariffs. Employment consequently fell as factories trimmed headcounts amid concerns over rising costs and lower sales.”

Source: fibre2fashion.com– Aug 05, 2025

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Sri Lanka's garment exports rise 8.9% to \$2.4 bn in Jan-Jun 2025

Garment exports from Sri Lanka reached \$2,403.3 million during January–June 2025, reflecting an 8.9 per cent increase compared to \$2,206.3 million recorded in the same period in 2024, according to statistics released by the Central Bank of Sri Lanka.

During the first half of 2025, textile exports eased by 3 per cent to \$142.2 million. Over the same period, exports of other manufactured textile articles increased by 9.3 per cent, totalling \$60.6 million, as reported in the Central Bank's publication External Sector Performance – June 2025.

Combined exports of textiles, garments, and other manufactured textile articles accounted for 51.64 per cent of all industrial exports from Sri Lanka during the six-month period.

Total textile product exports amounted to \$2,605.8 million between January and June 2025, while the country's overall industrial exports were valued at \$5,044.5 million for the same period.

In June 2025, textile and garment exports grew by 3.8 per cent year-on-year, reaching \$464.1 million. By category, garment exports increased by 4.8 per cent to \$428.7 million, while textile exports dipped by 16.8 per cent to \$24.1 million.

During the same month, exports of other manufactured textile articles rose by 24.7 per cent to \$11.3 million, as reported by the Central Bank.

On the import side, textiles and textile articles rose by 0.7 per cent to \$1,336.4 million, while imports of clothing and accessories increased by 33.2 per cent, amounting to \$131.9 million between January and June 2025.

In June 2025, imports of textiles and textile articles decreased by 4.2 per cent to \$223.6 million, while imports of clothing and accessories surged by 45 per cent year-on-year, reaching \$21.3 million.

In 2024, the island nation's garment exports totalled \$4,660.1 million, marking a 4.9 per cent increase.

Sri Lanka also exported textiles worth \$294.5 million and other manufactured textile articles worth \$106.4 million during the year. The country imported textiles and textile articles valued at \$2,847.1 million and clothing and accessories worth \$225.8 million in 2024.

In 2023, Sri Lanka's garment exports were valued at \$4,440.6 million, a 19 per cent decrease from the \$5,483.1 million exported in 2022.

Meanwhile, imports of textiles and textile articles fell by 22.6 per cent to \$2,371.2 million, and imports of clothing and accessories declined by 21.1 per cent to \$170 million.

Source: fibre2fashion.com– Aug 05, 2025

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US' moves accelerating India's free trade deal with the EU?

Amid intensifying trade tensions and protectionist moves by the US Trump Administration, India and the European Union (EU) are fast-tracking negotiations for a comprehensive Free Trade Agreement (FTA), aiming for completion by the end of 2025.

The current executive order for 25 per cent reciprocal tariffs on Indian exports to the US, coupled with mounting demands on India to cut Russian imports, slash agricultural duties and liberalise digital and pharmaceutical markets, have triggered a strategic recalibration of India's global trade strategy.

India has firmly resisted these demands, citing its longstanding strategic ties with Russia and the imperative to safeguard domestic economic priorities. Further signalling a pivot away from costly US defence deals, India declined America's offer to purchase F-35 stealth fighter jets—reinforcing its preference for joint development and indigenous production under the 'Make in India' initiative.

Trump's broader rhetoric—branding BRICS as anti-American and pressuring EU allies to increase energy imports—has further galvanised India and the EU to deepen their cooperation.

The proposed FTA is increasingly being viewed not merely as an economic pact, but as a strategic counterweight to American protectionism.

Diversification amid volatility

India's parallel efforts to pursue trade agreements with other partners—such as the recently signed India-UK CETA (Comprehensive Economic and Trade Agreement)—underline a broader diversification strategy to buffer against US trade shocks.

These agreements aim to secure reliable market access, create employment in labour-intensive sectors like apparel, chemicals and automotive, and advance India's integration into global supply chains.

India-EU FTA

The India-EU FTA, currently under negotiation phase, encompasses 23 chapters covering trade in goods and services, investment protection, digital trade, geographical indications (GIs), sustainable development, intellectual property rights (IPR), sanitary and phytosanitary (SPS) standards, professional mobility, customs facilitation, and dispute resolution.

Negotiators have adopted a phased approach—fast-tracking areas such as market access, investment facilitation and customs procedures, while taking more time to resolve complex issues like agriculture, sustainability and data regulation.

Key EU demands include lower tariffs on vehicles, medical devices, wine, spirits and meat. India, on the other hand, is seeking preferential treatment for its pharmaceuticals, electrical machinery, petroleum products and textiles and readymade garments.

Bilateral trade

In 2024–25, goods trade between India and the EU reached \$136.3 billion, with Indian exports at \$75.7 billion and imports at \$60.6 billion. Services trade stood at \$51.45 billion in 2023.

The EU accounts for nearly 17 per cent of India's exports, making it India's largest trading partner in goods, while India represents 2.2 per cent of the EU's global trade.

Defining global pact

European Commission president Ursula von der Leyen has called the India-EU FTA “the largest trade deal of its kind” and a defining partnership of this century. During her landmark visit to New Delhi in February 2025, she and Prime Minister Narendra Modi reaffirmed their goal of finalising the agreement by year-end, while deepening cooperation on trade, defence, and connectivity.

Amid unilateral tariffs and global fragmentation, the India-EU deal is becoming more than an economic milestone—it is a diplomatic and strategic realignment. It marks a shift away from transactional, coercive

diplomacy towards a balanced, rules-based partnership grounded in shared interests and mutual respect.

For India, the agreement would enhance its stature in a multipolar world while reinforcing ties with democratic allies. For the EU, it offers a crucial hedge against both Chinese economic expansion and unpredictable US trade policy—especially in key sectors like green energy, artificial intelligence and semiconductors.

As both partners accelerate talks to finalise the deal by December 2025, the India-EU FTA could become a blueprint for fairer, more inclusive global trade.

Source: fibre2fashion.com– Aug 05, 2025

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Lowering of US tariff on Bangladesh exports to 20% 'big relief': BGMEA

Bangladesh Garment Manufacturers and Exporters Association (BGMEA) president Mahmud Hasan Khan has termed the lowering of US reciprocal tariff on his country to 20 per cent from 35 per cent a 'big relief' for the domestic readymade garment (RMG) industry.

Bangladesh RMG items faced most favoured nation (MFN) tariffs at a rate of 16.5 per cent earlier. Due to the new 20-per cent additional duty, tariffs will now be 36.5 per cent, varying based on product categories, he said.

Citing the US executive order, the BGMEA president said if at least 20 per cent of US raw materials are used by Bangladesh manufacturers, the additional 20-per cent tariff would not be applicable to the value of American raw materials.

About three-fourths of Bangladesh's apparel exports to the United States are cotton-based.

Cautioning against complacency, he told a press conference that the industry must continue to enhance its competitiveness while expecting continued policy support from the government.

Source: fibre2fashion.com– Aug 04, 2025

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Bangladesh: Exports hit 32-month high in July

Key contributors to the growth in the first month of the new fiscal year included pharmaceuticals, leather goods, engineering products and an increase in ready-made garment (RMG) shipments.

Frozen fish, vegetables and tobacco also performed well, while tea and glassware exports fell.

This development came just a day after the Bangladesh Bank reported a 29 percent year-on-year increase in remittance income in July, maintaining buoyancy as more than 40 lakh Bangladeshis have gone abroad for work over the past four years.

After the political changeover in August last year, exports and remittances together have helped ease pressure on the foreign exchange reserve.

The country's external balance returned to surplus in the recently concluded fiscal year 2024-25, following three years of persistent deficits.

Anwar-ul-Alam Chowdhury Parvez, president of the Bangladesh Chamber of Industries (BCI), said the export growth did not come from exceptional demand or from front-loading, a practice where exporters rush shipments in anticipation of tariffs or other supply chain issues.

"The nearly 25 percent export growth in July was not a response to looming American tariffs, but rather a result of seasonal factors and a low base in that month last year," said the business leader.

He pointed out that political unrest in July last year had disrupted production, with many factories unable to operate fully. "This year, production did not face similar incidents," he said.

"So, the growth reflects a seasonal rebound rather than extraordinary demand."

Although the July figures appear promising, Parvez urged caution. "US and European buyers are still hesitant. Some were holding back orders until early August."

He added that exports might fall in August and September, typically a lean period. "Things should begin improving again from October."

Parvez also talked about the potential impact of the United States reducing reciprocal tariffs to 20 percent from 35 percent. He said there was no immediate effect.

"But, if retail prices rise by even \$2 to \$3, hypermarkets like Walmart and Target may cut volume. Sales could drop 30 percent to 35 percent."

Most current shipments are part of the winter collection and are expected to continue through mid-August. Summer and Christmas products will begin shipping from September.

"Many orders were booked earlier, but final confirmation was delayed. This week is key. It may take three to four more months for full clarity," he said.

Asif Ibrahim, vice chairman of Newage Group and a former director of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), said the strong performance in July was driven by a mix of global and domestic factors.

"One major driver was the front-loading of orders by international buyers, especially from the United States," Ibrahim told The Daily Star. "Concerns over potential tariff hikes led many brands to speed up their shipments, pushing a large volume of orders into July."

He added that geopolitical tensions and trade uncertainties, particularly around China, had reshaped global sourcing strategies. As buyers looked to diversify, Bangladesh gained ground as a reliable option.

Ibrahim said traditional markets such as the European Union, United States and Canada continued to show strong demand, while non-traditional markets, including Japan, India and Australia, saw rapid growth.

He also commented that Bangladesh's improved compliance in factories, greater efficiency and rising focus on sustainability had made the sector more competitive globally.

"These combined dynamics created an unusually high volume of exports in July," he said. "It is a positive signal for the sector's performance in the quarters ahead."

Pharmaceutical exports saw the highest growth, jumping 61.85 percent year-on-year to reach \$19 million, up from \$12 million in July last year.

Wasim Haider, international marketing manager at Beximco Pharmaceuticals, said the surge likely resulted from multiple overlapping factors.

"This kind of jump is unusual for July," he told The Daily Star, pointing to delayed June documentation and new product approvals as possible reasons.

In July, leather footwear exports rose by 26 percent. But Nasir Khan, chairman and managing director of Jennys Shoes, said the gains could have been far greater if not for delays and corruption.

"Our shipments often stall at ports due to slow bond clearances," he said, adding that exporters face demands for "bribes up to Tk 5 lakh just to move files."

Khan claimed that a network of "unofficial lobbying quarters" and influential officials had taken control of key export approvals, holding back one of the most promising sectors outside the RMG industry.

Despite rising global demand, he said red tape, middlemen and "grease money" continue to undercut the sector's full potential.

Source: thedailystar.net– Aug 05, 2025

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NATIONAL NEWS

A bad trade deal: US-EU pact offers a template, which India is keen to avoid

As US President Donald Trump's new set of tariffs takes effect from August 7, there is a question that is resonating in New Delhi's policy circles: What does a bad trade deal look like?

The new trade deal signed by the United States with the European Union perhaps qualifies. Critics of this pact, including politicians in EU member countries such as France, are now openly lambasting the US-EU trade agreement, claiming that "while one side got a deal, the other side got a bill!"

There is a growing sense within sections of India's government that rushing in to sign a deal on Trump's terms has its perils, and could lead to such a lopsided trading arrangement. Also, in the Trumpian scheme of things, the countries that have been called "friends" have gotten it worse than others. Being soft has been construed as a sign of weakness by the US administration. From New Delhi's perspective, it might also be better to wait out till China signs on the dotted line, to discern in comparative terms if India is getting something favourable out of the headline tariff numbers being offered as part of a deal.

Lopsided EU deal

What the EU deal effectively does is that it forces the 27-nation bloc to pay a 15 per cent baseline tariff on most of its exports to the US. In exchange, Washington DC gets more access to the EU market at far lower tariff rates, and has pretty much made no concessions for that access.

On top of that, Brussels has promised to ramp up investment in the US to the tune of 600 billion Euros, alongside a promise to buy more energy from America to the tune of 750 billion Euros over the next three years.

How did the EU end up with this deal? This surrender has a predictable build-up to it, which is typical of the tactic that the US administration has followed with most others who rushed in to sign up early, including South Korea and Vietnam.

At the start of negotiations, Brussels was offering zero-for-zero tariffs, and then at some point, it looked like they sweetened the deal by pitching zero-for-10 per cent tariffs, with some exceptions for certain sectors such as automobiles. Then came the letter last weekend from Trump, threatening a 30 per cent tariff if there was no deal reached by August 1. That seems to have been the final trigger for this final deal, which Ursula von der Leyen, the President of the European Commission, said was the best agreement under the given circumstances.

When Trump's tariff action started in March, it was widely believed that the US President had only had one thing in sight – a headline tariff number being thrashed out with each country. Progressively, the deals signed closer to the August 1 deadline have been broadbased to include investment commitments such as in the EU deal.

Japan too has committed to invest \$550 billion, and the UK has pledged to adopt a “structured, negotiated approach” in investments, while South Korea has committed to investing \$350 billion in the US in projects “owned and controlled by the United States” and “selected by President Donald Trump”. All this while agreeing to let in most American goods duty free into each of their countries, in return for the 15 per cent tariff. The build-up too has been predictable in all these cases – concessions being offered by the respective side, followed by a threat of a big tariff number as a deadline loomed, and eventual capitulation.

According to Deborah Elms, Head of Trade Policy at the Hinrich Foundation in Singapore, while some “napkin deals” were locked in headline rates of 15 per cent, others were less successful.

Even with a deal, Vietnam got 20 per cent and an additional 20 per cent on trans-shipped goods, while others in ASEAN with no deal got 19. Switzerland had early agreement but got whacked with 39 per cent while the UK, despite its trade deficit with the US, got tariffed at 10 per cent. “All rates can be changed at any point, so this doesn't really ensure stability”.

What is striking is that those without a deal in ASEAN got a better tariff deal as compared to those who signed early, such as Vietnam. Then there is the practical aspect of these deals: beyond the headline tariff number, there are question marks over whether the other provisions included in the deals will ever come to fruition. The detailed text is not out for most of the deals signed so far.

Even when the details trickle out, there is a chance that these terms will be fiddled with, tweaked and rewritten, to make them implementable. Trade deals typically run to thousands of pages and take months, if not years, to negotiate. This fast-tracked method of signing up multiple deals over a span of weeks is really mind boggling. The only deals where some degree of actual negotiations have taken place so far seem to be the one with China, and the extended talks with India.

Then there is the question of the legality of what Washington DC is doing, and the implication for its trading partner too. The US threatening to, or imposing additional tariffs forcibly on goods from another country, are a violation of Article I of the General Agreement of Tariffs and Trade, apart from being in contravention of its own bound tariff commitments under Article II of GATT, which entails an assurance that tariffs will not exceed the rates mutually agreed upon by the two parties.

On the other hand, the concessions that the EU has given to the US could be up for challenge from other countries, if these sops are not in line with the World Trade Organisation (WTO) trading rules. This is because under WTO rules, if the US has now been given some sort of preferential access to the EU market, Brussels needs to offer the same terms to others or could be deemed to be violating international trade laws.

Then there is also the domestic legal challenge that Trump's trade-linked executive orders are facing in the US. Lastly, there is the practicality aspect. Do the EU member countries really have the scope to ramp up energy imports from the US by 750 billion Euros over the next three years? And, can the Commission guarantee that 650 billion Euros of investments into the US, given that much of this is not public spending, but private sector spending by individual companies.

Then there is the big question mark over the ability of American customs department and trade officials being able to effectively monitor, police and implement these multiple country-specific provisions. The reason why the rollout of the July 31 tariffs have been delayed till August 7 was to ostensibly give time for the American Customs department to prepare for these new tariff rates. It is unlikely to be a smooth process at major US ports, given the short lead time.

Source: indianexpress.com– Aug 05, 2025

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As Trump's fresh threats loom, India still has a slight tariff edge over China but loses advantage with Vietnam

Despite fresh tariff escalation threats and the prospect of higher duties under the new regime announced by US President Donald Trump that could take effect from August 7, India continues to have a relative advantage on a key metric being tracked by policymakers in New Delhi – the tariff differential with China.

As on August 1, China had the highest effective tariff rate (ETR) of the US's major trading partners, with India with a comparative advantage of around 20 percentage points.

While tariffs on China remain at 34 per cent, the total ETR inclusive of the tariff rate at the end of 2024 came to around 42 per cent, according to Fitch Ratings' updated ETR Monitor that reflects the July 27 and July 31 announcements of new reciprocal tariff rates for most trading partners of the US.

While India is slightly over 21 per cent, according to the latest data, the overall effective tariff rate for the US across all its trading partners is now 17 per cent – about 8 percentage points lower than Fitch's ETR Monitor of April 3, 2025, when higher reciprocal tariffs were originally announced, but around 3 percentage points higher than the estimate at the end of June 2025. The ETR represents total duties as a percentage of total imports and changes, with shifts in import share by country of origin and product mix.

With Vietnam, though, India now has lost a slight advantage in ETR terms after additional tariffs kicked in, as against an advantage up to end-2024. This is despite Trump's rhetoric against transhipped goods and his administration's efforts to neutralise China's supply bases in ASEAN.

And going forward, given Trump's frustration with India on not agreeing to his terms for a deal, this disadvantage is likely to fester. That is likely to be the case till Delhi gets a deal of some kind with Washington DC, but the situation could, however, change for the worse going forward, with Trump warning Monday that he would raise the tariff on India "substantially" for buying Russian oil.

Amid all the upheaval thrown up by America's tariff action, the assumptions that the Indian policymaker had implicitly factored in include that Washington DC will maintain a differential of 10-20 per cent in tariffs between China and countries such as India; and that a trade deal with the US needs to be clinched precisely for ensuring the gap in tariffs between India and China is maintained, even with a limited early-harvest type of deal. New Delhi did back out at the last minute from signing the Regional Comprehensive Economic Partnership (a trade deal among Asia-Pacific countries including China) given the sensitivities of agri livelihoods.

A higher-than-anticipated US tariff rate, especially on a comparative basis, could dent India's growth prospects, economists said. Though Trump did not specify the rate of penalty for India on account of Russian oil and defence imports, earlier statements made by Trump indicate that it could be to the tune of 100 per cent. This way, India stands to potentially lose the US tariff advantage vis-a-vis China at least till the time a deal is struck, even if Beijing, too, faces the same penalty for importing from Russia.

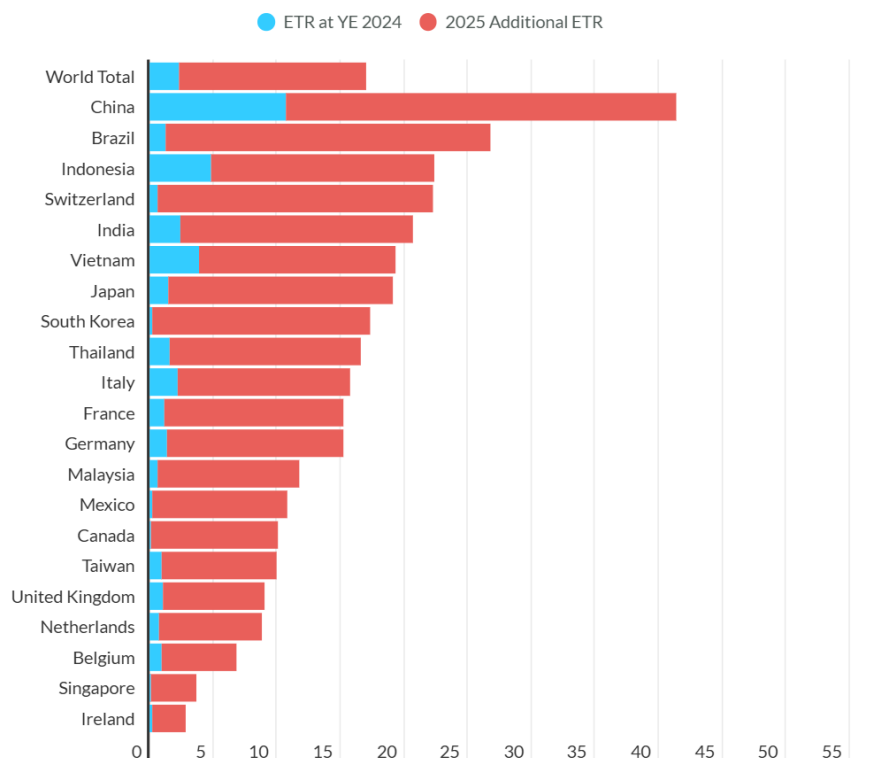
China is the largest buyer of Russian oil, at about 2 million barrels per day, followed by India (just under 2 million a day) and Turkey. China had agreed to cut tariffs on US goods to 10 per cent from 125 per cent in May, while the US had agreed to lower tariffs on Chinese goods to 30 per cent from 145 per cent. But with respect to Russian oil, Trump has been singling out India, while being largely silent on China.

Given how talks between Indian and US negotiators have proceeded so far, an interim deal still seems distant and is unlikely to be clinched before September, with October a possible outer deadline. Indications are a sixth round of talks between the two negotiating teams will take discussions forward on August 25.

India's government has asked its various ministries to come up with potential giveaways to sweeten the deal for the upcoming negotiations. Once the official level discussions wrap up, there is a sense that a final call on the deal could come down to a conversation between the two leaders, Prime Minister Narendra Modi and Trump. For India, the best-case scenario would be to get a deal of some sort now, and then build on that in the future negotiations that could run into 2026, experts said.

U.S. Effective Tariff Rate by Country

Major trading partners, ordered by 2024 U.S. import amount (USD)



The effective duty on Chinese products on a landed basis across US ports in commodity categories where Indian producers are reasonably competitive is being tracked constantly. The net tariff differential with India, and how that curve continues to move, is of particular

interest here, given the belief that Washington DC would ensure a reasonable tariff differential between China and India. Officials said a 10-20 per cent differential is expected to tide over some of India's structural downsides — infrastructural bottlenecks, logistics woes, high interest cost, the cost of doing business, corruption, etc.

US and Chinese officials wrapped up two days of discussions in Stockholm last week, with no breakthrough announced. After the talks, China's top trade negotiator Li Chenggang declared that the two sides agreed to push for an extension of a 90-day tariff truce struck in mid-May, without specifying when and for how long this extension kicks in.

Source: indianexpress.com– Aug 05, 2025

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US tariff impact on India likely to be 0.3-0.4% of GDP: Care Ratings

Though India's relative tariff advantage for its exports to the United States compared to several Asian peers has effectively reversed following the 25-per cent US tariff, along with the possibility of an additional penalty linked to India's trade ties with Russia, analysis by Care Ratings suggests that the direct export loss from these higher tariffs could be limited to around 0.3-0.4 per cent of India's gross domestic product (GDP).

India's largely domestic-driven economy and its relatively low share of goods exports to the United States (at about 2 per cent of GDP) should provide some cushion. Moreover, India's services exports remain outside the scope of these tariffs and should continue to support the external sector, the rating agency noted.

India's exports of merchandise and services account for 21 per cent of GDP as of FY25, should offer some comfort. Furthermore, the share of merchandise exports alone is lower at 11 per cent of GDP.

In contrast, several other Asian economies exhibit significantly higher merchandise and services export dependency, such as Thailand (at 70 per cent of GDP) and Vietnam (at 86 per cent).

However, indirect spillovers through weaker investor sentiment, capital outflows and currency pressures cannot be ruled out in case of India, the rating agency noted.

Though India-US trade negotiations are expected to continue and could bring some relief, India is likely to remain cautious about opening sensitive sectors like agriculture and dairy, suggesting that the talks may take some time to conclude, Care Ratings said.

Against this backdrop, it is too early to determine the clear winners and losers from the evolving tariff landscape, it observed.

Persistent weakness in the global demand scenario amid ongoing tariff restrictions is expected to weigh on India's merchandise export performance, which is projected to contract by nearly 4 per cent in FY26.

The decline is expected mainly due to a sharp contraction in the value of oil exports (by around 15.5 per cent), while non-oil exports are expected to contract only mildly (by around 0.8 per cent), Care Ratings said.

It projected India's current account deficit (CAD) to remain manageable at 0.9 per cent of GDP in FY26.

Any diversification in India's oil imports away from Russia is expected to have a minimal impact on India's CAD, as the price differential between Russian ural and brent crude has significantly narrowed to around \$3 per barrel from an average of \$20 per barrel in 2023, it added.

Source: fibre2fashion.com– Aug 04, 2025

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India-UK CETA: Let's not forget all we gave up to secure the deal

Most reports on the recently signed Comprehensive Economic and Trade Agreement (CETA) between India and the UK have focused on positive aspects of the agreement. But the CETA, as with any negotiated outcome, is also a compromise between the competing interests of the two countries. It is therefore important to understand the possible implications for India. Here are some key takeaways from this trade pact.

First, with the UK eliminating customs duties on almost 99% of India's exports, significant opportunities would open up for labour-intensive sectors such as textiles and clothing, gems and jewellery and leather products, which currently face 4-16% duty.

This will provide an edge for these exports over competitors from Bangladesh, China and Vietnam. However, an increase in India's exports of manufactured products would depend on the UK not imposing a carbon tax. The ability of exporters in labour-intensive sectors to scale up production of high-end products and comply with sustainability requirements will also be key.

Second, in the agriculture and marine sectors, most of India's exports will enjoy duty-free access. But two products of India's export interest—milled rice and sugar—will not receive tariff cuts.

Further, to convert export potential into actual consignments, India's exporters of agricultural and marine products will have to comply with the UK's onerous health standards and traceability requirements. Due to high costs and technical complexities, this may be problematic for small exporters, thereby limiting their ability to benefit.

Third, India's service exports to the UK, presently around \$20 billion, are set to gain significantly, especially business services, IT/ITeS and professional services.

In addition, the Double Contribution Convention is likely to benefit almost 75,000 Indian workers in the UK. That said, with the CETA silent on the UK granting 'data adequacy' status to India, our negotiators appear to have missed a golden opportunity to boost exports of digitally delivered services.

Fourth, India has given deeper access to its government procurement market to the UK than it conceded to the UAE in its free trade agreement (FTA) with it.

In procurements to be made under the Preference for Make In India Order, UK suppliers will be treated at par with Class 2 Indian suppliers, a concession that was not extended to UAE. This could undermine the Atmanirbhar Bharat and Make in India programmes.

Further, India has sharply lowered the threshold above which non-discriminatory treatment would apply to the procurement of goods and services from ₹225 crore in its FTA with the UAE to merely ₹5.5 crore under the CETA with London.

This could hurt micro, small and medium enterprises (MSMEs) seeking government contracts, as they would now have to compete with UK suppliers even for low-value contracts above the ₹5.5 crore threshold.

Since India has given the UK greater access to its government procurement market than it did to the UAE, it is likely to face strong pressure to offer even deeper concessions in ongoing trade talks with the EU and possibly the US.

As annual procurement by the UK government from sources outside its territory and the EU has historically been very low—estimated to be less than £10 billion—Indian exporters are unlikely to make any substantial export gains in the UK government procurement market.

Fifth, by recognizing that the preferable and optimal route to ensuring access to medicines is through voluntary licensing, India appears to have almost given up the possibility of using a provision for policy flexibility under the TRIPS Agreement at the World Trade Organization (WTO) to promote affordable healthcare—compulsory licensing.

Arguing that voluntary licensing is a ‘global best practice’—as is being said in favour of the CETA’s provision—would support Big Pharma’s attempts at preventing developing countries from using WTO -compliant provisions such as compulsory licensing. This also risks eroding India’s credibility as the voice of the Global South on international platforms related to health issues.

Sixth, by agreeing to the broadly aligned template of developed countries on non-trade issues such as labour, environment and gender, India's implementation of its domestic laws and regulations on these will be subject to monitoring and scrutiny by London through various committees under the CETA— this looks like a loss of sovereignty for no obvious gain.

These provisions could also open the door for more onerous and legally enforceable commitments in future trade agreements, including the imposition of trade sanctions for non-compliance. The fact that the CETA offers the UK extraordinary concessions on government procurement is a sombre reminder of what could happen on non-trade issues in India's ongoing bilateral negotiations.

Overall, in the short-term, the India-UK CETA has the potential to lift India's exports to the UK to about \$4 billion each year, as estimated by the UK government. However, alarm bells may start ringing if some of the possible adverse impacts materialize.

Source: pressreader.com— Aug 05, 2025

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Time to Lead, Not Follow: Textile industry must become a national priority, says Kulin Lalbhai

In a visionary address at the Textile Leaders' Conclave 2025 in Ahmedabad, Kulin Lalbhai, Vice Chairman of Arvind Ltd., called for the Indian textile sector to be declared a 'national priority'—an urgent imperative, he argued, for India to emerge as a global powerhouse in the textile and apparel value chain. His speech underscored an important moment for the industry, urging stakeholders, policymakers, and entrepreneurs alike to “not just participate in, but lead the global textile game.”

The conclave, jointly hosted by JITO Ahmedabad and CII Gujarat, brought together leading textile industrialists, policymakers, investors, and supply chain experts to discuss strategies for strengthening India's global competitiveness in textiles. Against the backdrop of evolving global sourcing patterns and a bullish domestic market, Lalbhai's address worked as a rallying cry for transformational change.

Domestic demand meets global realignment

Lalbhai said, India is witnessing a rare convergence of macroeconomic tailwinds: growing domestic consumption, favorable global demand reallocation, and strong government backing through Production Linked Incentive (PLI) schemes, infrastructure investments, and FTAs with markets like the UAE and Australia.

These elements, he said, form the perfect springboard for India to seize global leadership in textiles—a \$1.4 trillion industry currently led by China but increasingly open to realignment due to geopolitical shifts and rising ESG compliance costs.

“This is a golden window—perhaps a once-in-a-generation opportunity,” Lalbhai said. “We must respond with scale, speed, and vision.”

Gujarat at the helm, from cotton yarn to fashion capital

Lalbhai positioned Gujarat—India's largest cotton-producing and textile-exporting state—as the nucleus of this transformation. Traditionally known for spinning and yarn, the state must now focus aggressively toward value-added segments such as apparel, technical textiles, and fashion-led exports.

“Gujarat is poised to be the engine of India’s textile leap, but we must go beyond volume to value,” he noted, stressing the need for vertically integrated supply chains, state-of-the-art garmenting parks, and research-backed product innovation.

Three pillars for India’s textile rise

Lalbhai’s blueprint for global competitiveness was centered around three imperatives, all aligned with India’s broader developmental vision of Viksit Bharat@2047.

Massive expansion of garmenting capacity: India must move beyond raw material and fabric exports to become a major exporter of finished garments. Lalbhai emphasized the need for large-scale, globally compliant apparel clusters with plug-and-play infrastructure, skilled labor, and digitized production lines.

Increased adoption of Man-Made Fibres (MMF): With global fashion brands increasingly favoring MMF-based apparel due to durability and circularity concerns, India must diversify beyond cotton. “If we want to be relevant in global markets, cotton alone won’t cut it,” Lalbhai said, calling for balanced incentives and ecosystem development for polyester, viscose, and recycled fibres.

Speed and sustainability as core competencies: “Lead times and lifecycle impact will define winners,” Lalbhai stated. He advocated for nearshoring garment hubs, fast digital sampling, and green technologies such as waterless dyeing and renewable-powered plants. Sustainability, he argued, must be seen not as compliance, but as a competitive advantage.

A new textile vision

A central theme of Lalbhai’s address was inspiring the next generation to see textiles not as a legacy sector, but as a sunrise industry. “The future belongs to dreamers,” he said, calling on youth to reimagine textiles through design, tech, and entrepreneurship.

He also advocated for decentralizing manufacturing beyond traditional clusters like Tiruppur and Ludhiana. Smaller cities across UP, Odisha, MP and Assam offer untapped potential for employment, local entrepreneurship, and inclusive growth. “A national textile vision must be pan-India in spirit,” Lalbhai stressed.

Making textiles a national mission

As the Textile Leaders' Conclave concluded, Lalbhai's speech echoed as a call for collective ambition. For India to capture a greater share of the global textile trade—currently just 4 per cent compared to China's 33 per cent—it must overcome structural inefficiencies, skill shortages, and fragmented value chains.

Lalbhai's message was clear: "India's textile sector must be treated as a strategic lever of economic and geopolitical influence. Let's elevate it to the level of national priority." With coordinated investments, policy clarity, and innovation at scale, India has the potential not just to lead but to reshape the global textile map.

Thus as India eyes its centenary in 2047, the textile sector stands at a strategic inflection point. The roadmap outlined by Lalbhai offers not just a business plan, but a national mission—to reclaim India's historical stature as a global textile innovator, employer, and exporter. The question now is whether the nation will rise to the moment with the urgency, unity, and scale it demands.

Source: fashionatingworld.com— Aug 04, 2025

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India's textile exporters say US tariff hit can be offset by FTAs

India's textile exporters say exports loss because of the imposition of 25 per cent tariffs by US President Donald Trump will be compensated by gains in exports due to free trade agreements (FTAs) India has signed with other nations.

Exporters remain confident about their future and are urging the government to take proactive steps to support the industry. Champalal Bothra, National Chairman of the Confederation of All India Traders (CAIT), told ANI that, "Despite Donald Trump imposing tariffs on India, the textile industry is not facing any problems. We want to tell the Indian government that the 35 per cent of our exports that go to the US can be compensated through free trade agreements (FTAs) by amending government policies and by exporting to other countries by reducing costs. If any country tries to bind it, India will not stop. The trader here will not work under the pressure of tariffs; it will find a new market and thrive."

Textile traders from Surat told ANI that their market will not be affected by the new tariffs. They believe that Indian traders are capable of overcoming such challenges by exploring new markets and reducing manufacturing costs.

Bothra added, "India's textile traders are in such a strong position that they can create their market anywhere in the world. The US introduced Indian clothes in countries like Bangladesh, Vietnam and Cambodia in such a way that it showed India as a competitor to China."

He further stressed that with proper government support, especially for Micro, Small and Medium Enterprises (MSMEs), India can face tariffs effectively. "New markets can be found in Europe, South Africa, Japan or Central Asia," he said.

Echoing a similar sentiment, textile trader Vikas Gupta said, "The tariff being imposed by the US is in discussion; side by side, the Indian government should explore parallel options, like changes in policies and subsidies, so that our manufacturing cost reduces and the 35 per cent supply to the US is maintained along with finding other markets."

He added, “We can then also take it as an opportunity. There are European, African and Asian countries where we have the scope to compete. If the government policies are good, we can also supply material to Vietnam, Bangladesh and China. People of Surat have never worked under pressure and never will.

We will maintain our business through reduced costing instead.” With confidence in their resilience and a call for better policies, India’s textile industry is gearing up to overcome global trade challenges and continue its growth.

Source: thehindubusinessline.com– Aug 05, 2025

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Our tariff, non-tariff barriers should be cut in our own interest

Last week, United States (US) President Donald Trump imposed a tariff of 25 per cent on goods from India and threatened to impose further penalties. The new duty rates will apply for goods shipped after this Thursday.

The duty exemptions for items like pharmaceuticals, electronics etc. will continue. The higher rates for steel, aluminium etc. announced earlier will also continue.

Our government has said that negotiations for a bilateral trade agreement will continue and that national interests, especially those of the farmers and small businesses, will be protected. A US trade delegation is expected in India later this month and hopefully, the negotiators will strike a fair deal acceptable to both countries soon.

Trump is right in saying that India's tariffs are high in comparison with many other countries. But he is not right in saying that our high tariffs hurt the American exporters.

As Ajay Srivastava, the founder of Global Trade Research Initiative points out, the US does not produce many globally competitive goods outside of a few sectors like agriculture, petroleum, coal and high-end tech products.

On agriculture and dairy products, India is reluctant to open its markets to foreign producers because that might affect the livelihood of farmers.

However, our high tariffs, especially on primary products like steel hurt the user industries, especially in the small and medium scale segment. So, India should reduce the import duties in its own interest. Some baby steps in that direction started a couple of years back.

Trump also said that India has the most strenuous and obnoxious non-monetary trade barriers of any country. I do not want to comment on the non-tariff barriers in other countries, including the US but I can say that every day, I deal with the travails of the Indian importers whose goods are held up on account of one non-tariff barrier or the other.

In recent months, the government issued many quality control orders that not only mandate adherence to prescribed quality standards for many items but also registration of overseas suppliers of such items. The overall user industry perception is that such non-tariff barriers are imposed to discourage imports of items of interest to big producers and help the big businesses to hike their prices and make more profits.

The US is a very important trading partner for India and so, the government will certainly deal with its demands very carefully. At the same time, the government should also take note that our exports are not very diversified.

During the period 2004-14, the government had targeted schemes to encourage exports of farm products, forest produce, goods made in rural areas, employment intensive items etc. and also to help offset freight and other disadvantages involved in exports to relatively unexplored markets in Latin America, Central Asian Republics, Sub-Saharan Africa etc. The government must review the decision to withdraw these incentives. A review of our decision to stay away from integrating more with the fast growing regions in Asia is also overdue.

The government cannot yield to pressure tactics of Trump but it should review its protectionist policies that hurt our less influential segments. The government's focus should never be diverted from enhancing the competitiveness of our producers. It is our competitiveness that can give us better leverage in trade negotiations.

Source: business-standard.com– Aug 03, 2025

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India plans Rs 20,000-crore Export Promotion Mission to offset US tariff impact, boost global trade

New Delhi: India is looking to unveil a ₹20,000 crore long-term plan by September to shield its exporters from global trade uncertainties and fluctuations, officials said.

A raft of measures aimed at facilitating easy access to export credit and tackling non-tariff barriers in overseas markets are being planned under the new Export Promotion Mission, the officials said.

The government's initiative assumes significance in light of the commerce and industry ministry urging exporters to build and promote homegrown brands for coping with the 25% tariff levied by the US. "For the mission to operationalise as a scheme, more than ₹20,000 crore are required for the next five-six years. This is under consultation," said an official.

The mission is being driven jointly by the ministries of commerce and industry, micro, small and medium enterprises (MSME), and finance.

"The mission will implicitly help exports bound for the US, and wherever our exports go. We will have to close it by August so that it is operational by September," said the official cited above.



For Smooth Sailing

5 elements in mission to support export growth

Focus on promoting Brand India on global stage

Collateral-free loans for MSMEs;
100,000 entities to get support

India's FY26 goods, services exports seen at **\$840-850b**

Ecommerce Hubs

The plan also involves elevating Brand India on the global stage on the lines of Japan, Korea, and Switzerland, supporting the setting up of ecommerce hubs, and developing districts as export centres.

"It will be positive if such a large fund can support our exports in these challenging times," said Ajay Sahai, director general, Federation of Indian Export Organisations (FIEO).

Washington has imposed an across-the-board 25% tariff on all Indian-origin goods, effective August 7, along with an unspecified penalty. India's rivals including Pakistan, Vietnam, Bangladesh and Turkey are in the 15-20% range. The steep duty could impact nearly half of India's exports of more than \$85 billion annually to the US.

The mission will have five components - trade finance, non-trade finance dealing with regulation, standards and market access, better brand recall for Brand India, ecommerce hubs and warehousing, and trade facilitation.

For MSME exporters, the plan is to offer fully or partially collateral-free loans with a cap on individual exporters and based on their credit history.

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