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INTERNATIONAL NEWS

China's Exports Surge as Global Trump Tariffs Take Effect

Four months after President Donald Trump declared the United States "liberated" from pervasive global trade imbalances by a new tariff regime, a revamped set of duties on the country's most prominent trade partners has gone into effect.

Thursday saw dozens of nations integral to the fashion supply chain hit with steep, double-digit duties. The European Union's 27 member countries now face 15-percent tariffs on U.S.-bound exports, while Cambodia, Indonesia, Malaysia, Thailand and Pakistan were all hit with 19-percent tariffs and Bangladesh and Vietnam saw their duty rates set at 20 percent.

Earlier this week, the president threatened to elevate tariffs on India, already set at 25 percent, to 50 percent due to the country's continued purchase of Russian oil. He slapped Brazil with an analogous sky-high rate for pursuing criminal charges against its former president, a Trump ally.

But one key U.S. trading partner—and the historic object of Trump's most fervent ire—faces a separate deadline. The three-month bilateral tariff truce between the U.S. and China expires Tuesday, and state officials on both sides have been fervently negotiating with the aim of brokering a deal before the 55-percent tariffs on Chinese shipments kick in.

Whether the pause is extended (as Commerce Secretary Howard Lutnick said Thursday is likely) or another resolution is reached, importers have been clamoring to ensure that their China-originating goods are loaded onto vessels bound for U.S. shores before the pause is due to expire.

Chinese exports grew 7.2 percent year over year to $321.8 billion in July in a sign of strength for the market as shippers rush product out of the country ahead of the looming negotiating deadline.

The country's outbound shipments heavily outperformed the 5.4-percent jump calculated by a Reuters poll of economists, and represented an acceleration over export totals in May (4.8 percent) and June (5.8 percent).

The ongoing trade war between the trans-Pacific powerhouses has resulted in a collapse in goods sent directly from China to the U.S., with exports falling 21.7 percent in July, according to data from the General Administration of Customs.

But July figures from the National Retail Federation's Global Port Tracker still indicate some semblance of a pull-forward, with major U.S. ports expecting to pull in 2.1 percent more 20-foot equivalent units (TEUs) than the year prior—the most containers entering the country since May 2022.

American companies that are still importing cargo from China via ocean or air are likely looking to get out in front of a potential increase in price—again.

Both the U.S. and China engaged in talks in Stockholm to prevent tariffs from returning to the elevated levels they reached in April and May. The U.S. had hit Chinese goods with tariffs as high as 145 percent, with China retaliating with an 85 percent duty before the countries agreed in May to mutually reduce their tariffs for 90 days.

When including a 20 percent punitive duty for fentanyl trafficking, U.S. tariffs on Chinese exports currently stand at 55 percent.

The deadline for the countries to negotiate a new trade deal is Aug. 12. If a deal is not made, the tariffs before the May truce would go back into effect, though administration officials have been hinting that an extension of the deal is imminent.

Though the tenuous nature of the relationship has knocked down export numbers to the U.S., China has been able to more than make up for the gap elsewhere.

The country's shipments to the 10 countries comprising the Association of Southeast Asian Nations (ASEAN) increased 16.7 percent year over year. This includes markets like Vietnam, Indonesia, Malaysia and Thailand.

China has increasingly relied on third countries such as those in ASEAN to circumvent tariff barriers and for the manufacturing of final products or components. The White House has explicitly targeted Vietnam and Thailand as countries that are participating in this transshipment process, with the U.S. hitting the former with a 40 percent tariff for goods transshipped into the U.S. from China.

Outbound shipments to the European Union increased by 9.2 percent in July, while exports to Latin America ticked up 7.7 percent. Africa had the largest increase in shipments on the receiving end at 42.4 percent.

Maersk CEO Vincent Clerc said in a second-quarter earnings call that the strength of Chinese exports to the rest of the non-U.S. world will dictate the wider growth of the container market.

"On the back of the industrial successes that they're having and the overcapacity that there is in China, this could actually carry stronger market growth than anticipated for a few years," said Clerc.

China's imports, meanwhile, rose by 4.1 percent year over year last month to $22.3 billion, representing the sharpest gain since July 2024. The numbers defied expectations of a 1 percent decline in the month, and build on a 1.1 percent gain in June.

The strong import month points to improved domestic demand as Beijing has placed a stronger focus on stimulating consumer spending.

As the reality of the tariff landscape settled in on Thursday, experts weighed in about the potential impacts to shoppers and brands in the U.S.

In an interview with CNBC, J.P. Morgan global market strategist Meera Pandit said, "In aggregate, we're expecting that around 60 percent of the overall cost of tariffs gets passed on to the consumer."

Brands and retailers will face about 40 percent of the tariff burden, she estimated, "but certainly it will be carrying the load on both sides, and have an economic impact when we think about the consumer and also profitability."

Earlier this week, J.P. Morgan released reporting saying that "inflation questions are heating up." Thus far, much of the cost of tariffs has been absorbed throughout the supply chain, with about 40 percent reaching consumers (much lower than the price hikes seen during Trump's first term when he levied Section 301 duties on China). However, that's expected to change.

"Part of that has been thanks to inventories built up by front-loading, but that cushion can only go so far," analysts wrote. "We are starting to see goods inflation climbing again, with the potential to push overall inflation above 3 percent by year-end," the report said.

Meanwhile, Ralph Lauren held its quarterly earnings call, with CEO Patrice Louvet saying that while consumer trends remained consistent with previous quarters, the company is taking a "more cautious" view of the second half of the year.

"The big unknown sitting here today is the price sensitivity and how the consumer reacts to the broader pricing environment and how sensitive that consumer is," he added. The heritage New York brand this spring said it planned to hike up pricese in the fall as a means of offsetting the duty impacts.

The company's stock price took a 7-percent hit on Thursday.

Source: sourcingjournal.com – Aug 07, 2025

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Global air cargo volumes see surprise 5% YoY jump in Jul: Xeneta

Global air cargo volumes jumped by 5 per cent year on year (YoY) in July this year as more shippers opted for the speed of airfreight to help circumvent US tariffs, according to the latest market analysis by Xeneta.

Contrary to the usual seasonal lull, July saw a notable upturn in global air cargo demand following a modest 1-per cent gain in June. This unexpected boost, bucking seasonal patterns, appears driven in part by tariff-related frontloading, mode shift and persistent uncertainty, prompting businesses to expedite shipments, the Norway-based ocean and air freight rate benchmarking and market analytics platform said.

With cargo capacity in July increasing by a lower level of 3 per cent YoY, the more robust 5-per cent rise in volume helped lift the dynamic load factor, which has now returned to levels comparable with a year earlier (58 per cent) and recovering the 2-per cent point decline recorded just a month ago.

Dynamic load factor is Xeneta's measurement of capacity utilisation based on volume and weight of cargo flown alongside available capacity.

"As we said earlier in the year, air cargo is piggybacking on the chaos being caused by tariffs. While the growth in July will come as a pleasant surprise to many, this growth is not a consequence of increased trade. It is a sign of the creative ways companies are trying to circumvent the higher costs of tariffs," said Xeneta's chief airfreight officer Niall van de Wouw in a release.

Despite firmer fundamentals, global air cargo spot rates declined for a third straight month in July, falling by 2 per cent YoY to $2.55 per kg. Yet the rate of decline has eased, thanks to the resurfacing demand-supply imbalance. A modest 2-per cent month-on-month (MoM) uptick in July offered a glimmer of relief to airlines, although the mid-term trajectory remains muted.

Notably, the gap between seasonal rates (valid for over one month) and spot rates (valid for up to one month) has widened, from 5 cents below spot rate in late May to more than 20 cents below by the end of July, indicating subdued mid-term confidence, Xeneta noted.

Further complications loom. The US is preparing to end the de minimis exemption for all countries by the end of August, a policy shift that could reshape small-parcel air trade.

Since May 2, the exemption has already been removed for shipments from China and Hong Kong, which collectively account for an estimated two-thirds of all de minimis parcels entering the United States,. This resulted in a reported 50-per cent drop in China's low-value and e-commerce exports to the United States in June, based on the latest China Customs statistics.

In China, spot rates to the United States declined by 11 per cent to $4.26 per kg, weighed down by both the de minimis ban, heightened tariffs and market uncertainty.

On Asia-Europe routes, spot rates from Northeast Asia to Europe held steady at $4.16 per kg. Yet beneath that calm surface lies a reshuffling of capacity: a notable shift of freighter capacity from the Pacific to Europe helped absorb a near 90-per cent surge in cross-border e-commerce volumes from China to Europe, as per June data from China Customs.

That reallocation has so far kept rates aloft. By contrast, Southeast Asia to Europe fared less well, with spot rates tumbling by 22 per cent YoY to $3.02 per kg.

The trans-Atlantic market stands out as the only major corridor to post considerable rate increases in both directions. Spot prices rose to $1.91 per kg westbound and $1.15 per kg eastbound. A combination of frontloading activity and reduced bellyhold capacity from passenger flights nudged rates higher.

Source: fibre2fashion.com– Aug 08, 2025

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Australia's apparel accessories imports rise 8.17% in fiscal 2024-25

Australia's imports of apparel and clothing accessories (classified under code 84) increased by 8.17 per cent to Au$13.229 billion (~$8.646 billion) during fiscal 2024–25 (July–June), according to the latest trade data released by the Australian Bureau of Statistics (ABS). The country had imported apparel and clothing accessories worth Au$12.229 billion during the same period in 2023–24. There was also a month-on-month (MoM) increase in imports in June 2025.

Imports of textile yarn, fabrics, and made-up articles (classified under code 65) rose by 5.23 per cent, reaching Au$4.600 billion (~$3.006 billion) during the fiscal, compared to Au$4.371 billion in 2023–24. Conversely, fibre imports (classified under code 26) fell to Au$118 million, down from Au$127 million during the period under review.

In June 2025, imports of apparel and clothing accessories increased by 17.44 per cent to Au$1.030 billion, up from Au$0.877 billion in June 2024. Imports of textile yarn, fabrics, made-up articles, and related products rose to Au$349 million, compared to Au$329 million in June 2024. Fibre imports were higher at Au$10 million, compared to Au$9 million in June 2024. Meanwhile, Australia's exports of textile fibres (code 26) were valued at Au$6.061 billion (~$3.961 billion) during July 2024–June 2025, marking a 14.25 per cent decrease from Au$7.069 billion in the corresponding period of the previous year. Exports in June 2025 fell by 16.44 per cent to Au$574 million, compared to Au$687 million in June 2024.

In fiscal 2023–24, Australia's apparel and clothing imports totalled Au$12.231 billion (~$7.748 billion), a decline of 5.2 per cent from Au$12.903 billion recorded in 2022–23. Similarly, imports of textile yarn and fabrics dropped by 9.40 per cent, from Au$4.825 billion in 2022–23 to Au$4.371 billion (~$2.767 billion) in 2023–24. Australia exported textile fibres worth Au$7.053 billion (~$4.465 billion) in 2023–24, representing a decline of 13.97 per cent from Au$8.199 billion in 2022–23. Notably, Australia remains a significant producer and exporter of cotton.

Source: fibre2fashion.com– Aug 08, 2025

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Trade Winds Shifting: Can Bangladesh Seize the Moment?

Following the recent reciprocal tariff announcements, a pressing question emerges: Are US tariff hikes a setback or a strategic opening for Bangladesh? There is reason for cautious optimism, particularly regarding Bangladesh's garment exports to the US. With tariffs of 20 percent now leveling or even favoring Bangladesh over key competitors, the country finds itself in a potentially advantageous position. Chinese products, likely to remain more heavily taxed, open the door for investment to shift and help level the playing field. Meanwhile, India's increased tariff may further tilt the scales in Bangladesh's favor across various product categories.

However, tariff increases come with global ripple effects. They elevate retail prices and strain supply chains, often resulting in declining orders and downward pressure on supplier prices. This could squeeze margins for Bangladeshi manufacturers. Still, historical trends offer encouragement: Bangladesh's apparel exports to the US grew by 35.94 percent over the last decade, including an impressive 40.45 percent post-COVID surge between 2020 and 2024. Much of this success stemmed from capitalizing on opportunities as Chinese firms redirected their strategies.

Maintaining momentum in the US market means resisting premature price cuts, which could undermine fair competition. Instead, manufacturers must remain vigilant tracking market trends, anticipating disruptions, and investing in innovation. Staying agile and informed is essential for staying competitive in today's evolving trade environment.

At the same time, a broader global outlook is critical. Heavy reliance on a single market exposes exporters to risk. While the US accounts for roughly 20 percent of Bangladesh's garment exports and Europe around 50 percent, diversifying into emerging markets such as Japan, Australia, the Middle East, and Latin America is essential for long-term stability and growth. With the global apparel market valued at approximately $550 billion, tapping into these regions is no longer optional but strategic.

Bangladesh must also move beyond its traditional focus on low- and mid-tier products in the US market. By expanding into high value-added segments, the country can attract premium buyers, meet evolving consumer expectations, and seize business opportunities previously dominated by China.

As global competition intensifies, challenges such as the US's proposed 40 percent local value addition requirement for woven garments loom large. Preparing for Bangladesh's graduation from LDC status calls for greater investment in backward linkages and local value chains to reduce dependency and meet trade rule thresholds.

Ultimately, Bangladesh's long-term competitiveness will depend more on internal reforms than external conditions. While war, natural disasters, and tariffs are beyond control, factors such as energy pricing, infrastructure development, efficient logistics, strong banking systems, and factory productivity are all within reach. Strengthening these will ensure resilience and responsiveness to global demand for quality at competitive prices.

With apparel contributing approximately 85 percent of Bangladesh's total exports, a far greater reliance than Cambodia (36 percent) or Pakistan (26 percent), the sector's vitality is clear. For comparison, apparel exports constitute just 4% of China's exports. This underscores why preserving and enhancing Bangladesh's competitive edge is not just important, it is existential.

Source: sourcingjournal.com– Aug 07, 2025

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Government reaffirms commitment to restore Egypt's textile industry

Prime Minister Mostafa Madbouly has reaffirmed the government's dedication to President Abdel Fattah El Sisi's directives to restore Egypt's textile industry. He emphasized the initiative's strategic importance to the national economy and local industrial growth.

In a meeting with Mohamed Shimi, Minister of Public Business Sector, Madbouly stated, the government aims to boost Egypt's competitive advantage in the global textile market by adding value to Egyptian cotton and increasing export capabilities.

The meeting was also attended by Ahmed Shaker, Executive Managing Director, Holding Company for Cotton, Spinning, Weaving and Garments.

Minister Shimi provided an update on the sector's restructuring, noting, the first phase of the modernization plan is complete and the second phase is 76 per cent finished. He anticipates, the second phase will be finalized by October, with the final stage wrapping up by April 2026.

Shimi also highlighted efforts to involve the private sector in the development process. The holding company is implementing a full reform strategy across all its subsidiaries, addressing technical, financial, administrative, and marketing aspects.

This includes looking for investment opportunities and public-private partnerships to create sustainable jobs, reduce unemployment, attract investment, and make better use of unused assets.

Source: fashionatingworld.com– Aug 07, 2025

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Bangladesh to boost cotton imports from US to $1b: BTMA

The Bangladesh Textile Mills Association (BTMA) has announced that the country plans to increase its cotton imports from the United States to $1 billion to help reduce the trade deficit between the two nations.

The information was disclosed in a press release issued by the association last night (6 August).

The decision follows recent trade negotiations in the US, during which the interim government's delegation secured a reduction in tariffs on Bangladeshi goods from 35% to 20%.

Simultaneously, a BTMA delegation, led by President Shawkat Aziz Russell, held several meetings with relevant US institutions to explore increased cooperation.

Currently, Bangladesh imports more than $5 billion worth of cotton annually from the global market.

However, imports from the US account for only about $350 million, representing just 7% of the total, the release added.

The BTMA aims to more than triple this amount to help balance trade.

In relation, the BTMA noted that US cotton is relatively more expensive and called on the government to provide support to importers to offset the additional costs, making the increased imports financially viable.

Source: tbsnews.net– Aug 07, 2025

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NATIONAL NEWS

Trump Ups Duties on India to 50%, Citing Russian Oil Purchases

Citing its continued purchasing of Russian oil exports, President Donald Trump has made good on his threat to levy additional duties on India, bringing the country's overall tariff rate to 50 percent.

The White House on Wednesday released an executive order that pointed to the "unusual and extraordinary threat" that Russia poses to the United States as a result of the ongoing conflict in Ukraine. "I determine that it is necessary and appropriate to impose an additional ad valorem duty on imports of articles of India, which is directly or indirectly importing Russian Federation oil," Trump wrote.

The new ad valorem rate of 25 percent will be stacked upon existing duties, including the 25 percent to be levied upon the country's exports on Thursday under Trump's worldwide "reciprocal" tariffs. The tariffs announced Wednesday will go into effect in 21 days. Goods that have already been loaded onto vessels bound for the U.S. before that date that arrive before Sept. 17 will not be subject to the new duties.

Trump cited Biden-era directive from 2022 as justification for the action. Executive Order 14066 declared a state of emergency and imposed trade and financial sanctions on Russia for its aggression against Ukraine and the inherent threat posed to U.S. interests. Trump extended the executive order for one year in April.

About 18 percent of India's exports are bound for the U.S., representing 2 percent of the country's gross domestic product (GDP). Global investment bank UBS estimated that $8 billion worth of exports will be impacted greatly by the duty hike, including apparel, textiles, chemicals and jewelry.

U.S. trade with India has been on an upswing in recent years, with data from the Office of the U.S. Trade Representative (USTR) showing bilateral trade amounted to $212.3 billion in 2024, up 8.3 percent ($16.3 billion) from the year prior. Total goods trade amounted to $128.9 billion in 2024, with India's exports to the U.S. accounting for $87.3 billion (up 4.5 percent from 2023). America's goods trade deficit with India increased by 5.9 percent last year, reaching $45.8 billion.

There are certain sectors that will likely be saved from the burn of new tariffs, including pharmaceuticals, semiconductors and derived electronic products, like those manufactured by Apple in large volumes at its India-based production campuses. The country faces 50-percent duties on steel and aluminum through a separate, global executive order impacting all export markets.

India's Ministry of Foreign Affairs wasted no time in responding to the president's announcement, with an official spokesperson writing, "The United States has in recent days targeted India's oil imports from Russia. We have already made clear our position on these issues, including the fact that our imports are based on market factors and done with the overall objective of ensuring the energy security of 1.4 billion people of India."

"It is therefore extremely unfortunate that the U.S. should choose to impose additional tariffs on India for actions that several other countries are also taking in their own national interest," the statement said. "We reiterate that these actions are unfair, unjustified and unreasonable. India will take all actions necessary to protect its national interests."

As tensions with the U.S. heat up again, Indian Prime Minister Narendra Modi is reportedly planning an Aug. 31 sojourn to meet with Chinese President Xi Jinping for the first visit in seven years. Modi will attend a summit hosted by the Shanghai Cooperation Organisation summit, a 24-year-old international and economic security organization founded by Russia and China, along with Kazakhstan, Kyrgyzstan, Tajikistan and Uzbekistan. India and Pakistan joined as full-time members in 2017.

India and China's relationship appears to be growing cozier despite a longstanding territory dispute over their shared border in the Ladakh region near the Himalayas. A major confrontation took place in June 2020, and a clash occurred again in December 2022.

The two nations have taken steps toward compromise in recent years as their economies become ever more intertwined. China is India's second largest trading partner, accounting for $127.7 billion in bilateral trade last year. Both are founding members of the BRICS Alliance, which includes Russia and Brazil—two countries that have recently been at the center of the Trump administration's crosshairs.

Just hours after targeting India for its trade relationship with Russia, the president announced that his special envoy, Steve Witkoff, "just had a highly productive meeting with Russian President Vladimir Putin."

"Great progress was made! Afterwards, I updated some of our European Allies. Everyone agrees this War must come to a close, and we will work towards that in the days and weeks to come," Trump Truthed.

Source: sourcingjournal.com– Aug 06, 2025

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‘Going to see a lot more’: Trump hints more ‘secondary sanctions’ when asked why India was singled out

Trump Tariffs on India: A day after escalating trade tensions with India, President Donald Trump Wednesday hinted that other countries may also witness secondary sanctions over importing oil from Russia.

“It has only been eight hours, so let us see what happens over the next.... You are going to see a lot more. You are going to see so much secondary sanctions,” Trump said during a White House event when asked that Indian officials have stated that there are other countries like China that are buying Russian oil, too.

Flanked by Apple CEO Tim Cook and top administration officials, Trump signed an executive order that adds an additional 25 per cent tariff on India, building on a similar measure announced just last week. The new order, set to take effect on August 27, brings India’s total tariff burden to 50 per cent — the highest among US trading partners now penalised for dealing with Russia.

The move drew swift condemnation from New Delhi. In a sharply worded statement, the Ministry of External Affairs said, “It is extremely unfortunate that the US should choose to impose additional tariffs on India for actions that several other countries are also taking in their own national interest.”

The MEA also described the tariffs as “unfair, unjustified and unreasonable,” and warned it would take “all actions necessary to protect its national interests.”

Trump, however, dismissed claims of selective enforcement when asked why countries such as China and Turkey, which also import large quantities of Russian oil, had not faced equivalent penalties.

“It may happen, I do not know, I cannot tell you yet,” he said. “We did it with India. We are doing it probably with a couple of others. One of them could be China.” Currently, China faces a 30 per cent tariff and Turkey 15 per cent. India’s new 50 per cent rate matches only Brazil, with competitors like Myanmar (40 per cent), Bangladesh (35 per cent), and Vietnam (20 per cent) facing significantly lower tariffs.

When asked on whether the new sanctions might be reversed in the event of a peace deal between Russia and Ukraine, Trump said, “We will determine that later, but right now, they are paying a 50 per cent tariff.”

In the executive order, Trump justified the move by stating that the Indian government “is currently directly or indirectly importing Russian Federation oil,” and that this action necessitated the imposition of an additional ad valorem duty.

India, meanwhile, has emphasized that its oil imports are “based on market factors” and geared toward “ensuring the energy security of 1.4 billion people.”

Source: indianexpress.com– Aug 07, 2025

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Trump tariffs may impact India's 40-50% exports to US: GTRI

The tariffs announced by the US are expected to make Indian goods far costlier in the US, with the potential to cut America-bound exports by 40-50 per cent, think tank GTRI said on Wednesday.

On August 6, Washington announced an additional 25 per cent tariff on all Indian imports, on top of an existing 25 per cent duty, taking the total to 50 per cent from August 27.

The White House said the measure responds to India's continued purchase of Russian oil.

The move places India among the "most heavily" taxed US trading partners, far above rivals such as China, Vietnam, and Bangladesh, and threatens most of India's USD 86.5 billion in annual exports to America, from textiles to machinery, Global Trade Research Initiative (GTRI) Founder Ajay Srivastava said.

He said in 2024, China bought USD 62.6 billion of Russian oil, more than India's USD 52.7 billion, yet faces no such penalties.

Washington avoids targeting Beijing because of China's leverage over critical materials such as gallium, germanium, rare earths, and graphite, vital for US defence and technology, he said adding the US has also overlooked its allies' trade with Russia such as the EU which imported USD 39.1 billion of Russian goods last year, including USD 25.2 billion in oil.

The US itself purchased USD 3.3 billion in strategic materials from Russia. "The tariffs are expected to make Indian goods far costlier in the US, with potential to cut US bound exports by 40-50 per cent," he said.

Source: economictimes.com– Aug 06, 2025

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Textile, Sea foods and organic chemical will be severely impacted because of 50% tariff: GTRI

The recent move by the US President to raise tariffs on Indian goods to 50 per cent, on top of the existing Most Favoured Nation (MFN) import duties, is set to hit several Indian export sectors hard, according to a report by the Global Trade Research Initiative (GTRI).

The report highlighted that while the impact will vary across sectors, some of India's largest export categories may see a sharp fall in shipments to the US. GTRI stated "This decision makes India one of the most heavily taxed U.S. trading partners, worse off than China (30 per cent) or Vietnam (20 per cent), and on par with Brazil".

Very high impact sectors include Shrimps, Organic Chemical, Carpets, Apparel, Diamond and Gold Jewellery. The report also stated that exports in certain sectors could drop by 50-70 per cent.

Shrimps, which brought in $2 billion from the US in FY2025 and account for 9.52 per cent of US shrimp imports, will now face a 50 per cent tariff along with existing antidumping and countervailing duties of about 10 per cent.

Competitors like Canada and Chile enjoy much lower tariffs.Organic chemicals worth $2.7 billion exported from India will now face a total tariff of 54 per cent, compared to just 15 per cent for Ireland and 39 per cent for Switzerland.Carpets, where India holds the largest US market share at 35.48 per cent with exports of $1.2 billion, will be hit by a 52.9 per cent duty, making them less competitive against Turkey and China.

The apparel sector will also suffer heavily. Knitted apparel exports worth $2.7 billion will face a 63.9 per cent tariff, while woven apparel worth the same value will attract 60.3 per cent duty. Made-ups, including bed linen and towels, will face a 59 per cent duty on $3 billion worth of exports.

Diamonds, gold, and jewellery, India's top export sector to the US at $10 billion, will now be taxed at 52.1 per cent. Machinery and mechanical appliances worth $6.7 billion will see a 51.3 per cent duty, and furniture worth $1.1 billion will attract 52.3 per cent. High impacting sectors, Steel, aluminium, and copper exports worth $4.7 billion will face a 51.7 per cent tariff, while auto parts worth $2.6 billion will be taxed at 26 per cent.

Some key sectors remain unaffected. as they are exempted from 50 per cent duty. Pharmaceuticals worth $9.8 billion, smartphones worth $10.6 billion, and petroleum products worth $4.1 billion will continue to face zero or minimal tariffs, giving them a competitive edge.

The report also warned that the high tariffs could significantly hurt India's market share in the U.S. for several sectors, especially those already facing strong competition from countries with lower or no tariffs.

Source: thehindubusinessline.com– Aug 08, 2025

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Exporters nervous, fear losing US market to Asian competitors

As US President Donald Trump'sreciprocal tariffs of 25 per cent on Indian exports come into play, exporters are 'losing sleep' over the announcement of the additional 25 per cent penalty on New Delhi for buying Russian oil, applicable from August 27.

Exports of labour-intensive products, such as certain textiles, gems & jewellery, chemicals, and leather goods to the US are likely to come to a "grinding halt" with the imposition of cumulative tariffs of 50 per cent, say exporters. India's entire market share could be lost to competitors from South and Southeast Asia, which attract much lower tariffs of 19-20 per cent.

While many are pinning their hopes on the successful conclusion of the India-US bilateral trade agreement talks,an overwhelming majority wants a bailout package from the government.

54% of exports to the US to take a hit

As much as 54 per cent of India's exports to the US of about $86.5 billion is likely to take a hit, says exporters' body FIEO

"This is a major blow and most orders to the US will be cancelled and will get shifted to other countries such as Vietnam, Pakistan, Bangladesh or Cambodia. The government needs to buy time, like 90 days,to negotiate an amicable solution," said Israr Ahmed, an exporter of leather products

Theapparel industry faces the risk of getting completely out-priced in the US market, bringing the Indo-US apparel trade to a grinding halt, said Mithileshwar Thakur, Secretary-General, AEPC.

"This will have serious implications on overall Indian apparel exports, as the US is the topmost destination for garment exports, accounting for 33-34 per cent share," Thakur said.

"I have a friend who employs 10,000 people and about 50-60 per cent of his exports are to the US. He is having sleepless nights...With earlier MFN tariffs of 15-17 per cent, tariffs are now up to 67 per cent. So, it is going to be curtains for us," said textile exporter Sanjay Jain.

Industry to seek bail-out package

The industry will approach the government for a bailout package, Thakur said.

The government should give an immediate export incentive in cashso that we can stand up and fight," Jain said.

They also want enhancement in rates under RoDTEP and the RoSCTL schemes, that reimburse exporters for the input duties paid, early reinstatement and enhancement in rates of the interest equalisation scheme to provide export credit at subsidised rates, introduction of some shipping lines , and ensuring timely payment of all dues.

We must strategically utilise the upcoming 21-day window to negotiate , said Ajay Sahai, DG, FIEO.

"While we must remain firm on our red lines — in sensitive sectors such as agriculture and dairy — we should demonstrate our commitment to a balanced and forward-looking partnership by exploring alternative, mutually beneficial concessions in other sectors," Sahai said.

Source: thehindubusinessline.com– Aug 07, 2025

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US tariffs may wipe out 80% of Indian apparel exporters

Unable to bear the burden of 50 per cent reciprocal tariff, an estimated 80 per cent of the small Indian apparel exporters supplying to the US are expected to incur losses and get wiped out, while bigger players will be forced to offer discounts and hunt for alternate export markets, say exporters.

“No exporter, be it big or small, will be able to absorb such high tariffs. Many of the smaller exporters — with a low financial base and reserves — will be wiped out, as buyers have started cancelling orders and are refraining from placing new orders,” Sudhir Sekhri, chairman of Apparel Export Promotion Council (AEPC), the official body of apparel exporters in India, told businessline in a telephonic interaction, on Thursday.

“Out of the total exporters we have, 80 per cent of exports is done by 20 per cent of the exporters, while 20 per cent of the exports is done by 80 per cent of the exporters which are micro and small ones. So 80 per cent of the exporters will not be able to bear the losses and may have to wind up,” he added.

He also pointed out that the buyers in the US have “categorically” told the Indian exporters that they are going to move some of the orders out of India to destinations like China. ‘

”Big exporters will be able to withstand the crisis for the next four months. They will be able to absorb the losses for sometime. But even they will find it difficult after this period, as it is they who will have to bear the brunt of these tariffs,” Sekhri added.

Job losses

It could lead to closure of textile units and mass layoff, fear exporters. “If this additional 25 per cent tariff is imposed, buyers will move sourcing out of India, many layoffs and even closure of some units can happen and this will create a catastrophe for the textile industry,“ said Thirukkumaran Natarajan, Chairman of the Tiruppur-based Esstee Exports India Pvt Ltd.

Future capex on hold

One of the biggest textile exporters to the US market, Bengaluru-based Gokaldas Exports has decided to "put on hold" decisions regarding future capital expenditure till the situation around US tariffs and the geopolitical situation becomes more clear. The company is also exploring the European Union (EU) and the UK markets as alternate export markets.

"India is negotiating with the EU for a FTA, which creates a strong ability to expand the industry in India. In anticipation, we are stepping up our European investments... We are actively engaging with customers in the EU and the UK to diversify," said Siva Ganapati, Managing Director, Gokaldas Exports, while addressing investors on August 6, just hours before the US raised its tariff on goods imported from India to 50 per cent.

Though Gokaldas is looking to expand production capacities in the form of three factories that will be commissioned in the third quarter of the current financial year in Bhopal, Kolar and Ranchi and a brownfield expansion in Africa, the company is stalling all future capex spends. "For now, we will stop capex expansions.

We will wait and watch, and see how all the tariffs and geopolitical situation plays out, before taking further capital investment decisions... We have a strong plan for capacity addition. We are not acting on it. We do not want to make mistakes in our capex choices." Ganapati said.

Pointing out that US tariffs, going above 25 per cent, will put Indian exporters at a disadvantage as businesses might look for alternate sourcing locations, the official said that export volumes from India were expected to go down in such a scenario.

The company said that the supply chain will not be able to absorb the US tariffs and a portion of it will be passed on to the end-consumer in the US. While the affordable luxury brands have started passing on the price increase, the larger retailers are expected to increase prices post-Christmas or engage in other cost-cutting exercises including shrinkflation (practice of reducing size or quantity while keeping the prices constant). "I do not think that the large portion of this tariff can be absorbed by the supply chain, whether it is us or fabric or yarn suppliers," Ganapati added.

While apparel imports in the first five months of the calendar year in the US, EU and the UK increased between 7 per cent and 12 per cent in the first quarter of this financial year, exporters believe that the tariffs will affect export volumes in the short run and will impact margins of exporters in the coming quarters.

In the three months of FY26, Ahmedabad-based Arvind, one of the largest textile exporters to the US market, had to shell out ₹15 crore to address the uncertainty around US tariffs by air-lifting cargo for clients, rejigging orders and offering discounts.

The textile manufacturer, which draws 35 per cent of its revenues from the US market, is currently unsure how the demand among customers in the US will play out during the next summer season and is simultaneously looking to increase double exports to the UK market, which currently stands at ₹200 crore.

Prabhu Dhamodharan, Convenor at Indian Texpreneurs Federation, said the sudden tariff move is a major shock, putting the $8-8.5 billion export-driven textile business at risk.

The ripple effect could disrupt the entire manufacturing ecosystem, cause business to come to a halt for many units and trigger supply-demand mismatches. “Past experiences show that timely engagement can lead to course correction.

We believe this too is part of a broader negotiation cycle. This is not just a textile issue—it cuts across multiple sectors and jobs,” he said. “We trust the government will step in to stabilise the situation,” he said, calling for a dedicated War Room within the Textile and Commerce Ministries for immediate engagement.

Source: thehindubusinessline.com– Aug 07, 2025

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Trump tariffs: India can afford to offer its exporters a relief package

US President Donald Trump's tariff offensive can be likened to the covid pandemic for affecting all countries. What sounded bizarre on paper is a reality. Five years after the covid outbreak, the economic disruption caused by one man has been remarkable, marked by whims and contradictions.

While there appears to be room for discussion on a trade deal, India should be prepared for the worst: A scenario in which the US threat of a 25%-plus tariff comes to bear. Is there anything the Indian government can do to protect exporters?

Yes. A kind of public-private arrangement could be made—with a sunset clause—for the overall cost imposed to be shared by the government and exporters so that higher prices at the other end do not depress US demand. A support framework should be drawn up to help exporters adjust to this new normal over a period of 1-3 years.

Policy decisions would need to be taken on two scores. First, should the package be only for impacted exports to the US or for all merchandise exports?

The former could imply discrimination, while supporting the export of goods to all destinations could be justified on the need for a fillip to this broad activity in the face of global headwinds.

Second, for how long should such support last? Specifying a time-frame will spell certainty for exporters. Both will, of course, depend on the Centre's fiscal space.

After those calls are taken, a package can be devised. A narrowly aimed one need not involve any special new scheme, as existing policy programmes can be used to help tariff-affected businesses. This way, we will need only minor budget-outlay additions.

First, support can be provided through India's production-linked incentive (PLI) scheme. The utilization of funds under it was targeted at around ₹2 trillion over five years from 2020-21, but is likely to fall short. This incentive can be extended to companies that face raised US tariffs.

The payback provided under the PLI scheme can serve as compensation for firms that maintain or increase their exports to the US. The payback rate can be based on the comparative tariff disadvantage within an industry vis-a-vis competing industries in other countries.

Thus, if Vietnam has a tariff of 20% and competes in ready-made garments, this industry can be provided a payback that takes that difference into account. Its thematic contours would be similar to the PLI scheme's.

Second, the government could deploy an interest subvention scheme, promising a credit cost payback of 1-2 percentage points.

A call can be taken on whether this should be industry-specific or only for micro, small and medium enterprises (MSMEs), which contribute significantly to India's overall exports but probably is the most vulnerable sector.

MSMEs face borrowing challenges and hence any subvention will help. Ideally, though, such a benefit should apply to all exporters.

Third, the Reserve Bank of India's (RBI) targeted long-term repo operations (TLTRO), which were largely successful during the pandemic, can be revived. The central bank could provide funds at a sub-repo or repo rate to banks, which in turn can lend to tariff-affected exporting units or industries.

This can be another way to lower their cost of credit. The funds should be short-term in nature and only for working capital purposes. This way, exporting units can become more competitive on finance costs. RBI could announce a TLTRO programme for a period of 1-2 years.

Fourth, India's credit guarantee scheme can be extended to exporters, so that banks lend them funds without hesitation. The pandemic-time Emergency Credit Line Guarantee Scheme was very popular and it worked well for MSMEs. As similar conditions arise for enterprises in tariff-hit sectors, this form of support could be considered again.

A credit backstop would mean a contingency liability for the government and so it would be a fiscal cost only in case of substantial defaults. This will also help lower the credit costs of exporters.

Fifth, the government could consider tax concessions. This can be aimed at companies with a record of exports to the US, with tax offsets allowed for income earned from exports to the US in the past three years. It could allow losses to be carried forward.

Some of these ideas may not be in compliance with World Trade Organization rules, but could still be justified by the exceptional circumstances exporters face.

Note that the US has announced variable tariff rates for different countries, which is not just unique as an idea, but has also tilted the scales in favour of some. Countries like Vietnam, Korea, Philippines, Bangladesh and Sri Lanka face lower US tariffs than India, which amounts to a major disruption.

Policy steps could offer exporters a cushion, while sunset clauses would give them time to scout for new export markets and prevent government props from leading to complacency.

Also, RBI would have to watch the rupee. The US reset could cause dollar volatility. In theory, higher tariffs should drive up US inflation and bond yields. This will attract investment from overseas, which, together with reduced US imports, should strengthen the dollar against other currencies.

Central banks will have to take a call on how much currency weakening they are okay with. A lot will depend on domestic inflation and the strength of foreign exchange reserves.

The government, meanwhile, could explore policy adjustments to provide outward shipments a large-scale fillip.

Source: livemint.com– Aug 05, 2025

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India accepts global certification for organic textile exports

In a significant policy shift, the Directorate General of Foreign Trade (DGFT) has clarified that organic textiles do not fall within the scope of the National Programme for Organic Production (NPOP) – a standard that applies to other organic products.

This new stance marks the first time the government has officially recognised the role of a private global standards body, the Global Organic Textile Standard (GOTS), in allowing exports from India.

According to a circular issued by the DGFT on July 31, the previous requirement for exporters to obtain a Transaction Certificate (TC) from a government-accredited body is no longer applicable to organic textile products. The decision effectively removes Para 4 of a previous policy circular, eliminating the need to submit this certificate “at the time of export”.

After export process

The DGFT’s move comes after industry stakeholders, including AEPC and Texprocil, confirmed that organic textile exports are already certified under globally recognised frameworks like GOTS and Textile Exchange. These frameworks issue the Transaction Certificate “only upon completion of the export process”, based on post-shipment documents such as the shipping bill and final invoice.

This decision directly reverses a January 5 order from the DGFT, which had mandated that all certified organic products be produced and labeled according to NPOP standards and be accompanied by a government-issued TC. The January order had not made an exception for organic textiles, leading to widespread confusion until a later clarification from APEDA stated that NPOP did not apply to organic textile.

Concerns flagged

Now that the government has withdrawn the requirement for a government-issued TC and formalised the recognition of GOTS, some experts are raising concerns. They argue that this move, while simplifying the export process, could have adverse long-term impacts.

“By granting official recognition to GOTS, these norms will get a backdoor entry,” said one expert, noting that India has long resisted linking trade with environmental, social, and labour standards at forums like the World Trade Organisation (WTO).

The expert added that India has failed to develop its own organic textile standards, a government initiative from 2014-15 that never came to fruition. This reliance on GOTS, which was developed by international associations from Germany, Japan, the USA, and the UK, represents a sharp departure from previous practice.

Source: thehindubusinessline.com– Aug 05, 2025

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PM draws the line amid US tariff heat, govt plans strategy for exporters

Prime Minister Narendra Modi on Thursday declared that India would "never compromise" on the interests of its farmers, livestock rearers, and fishermen even if it meant pay-ing a "heavy personal price", in a strong response to the United States doubling tariffs to 50 per cent on Indian exports. The Prime Minister's statement signalled that New Delhi was unwilling to yield to Washington's pressure for greater agricultural market access.

The government, according to people familiar with the matter, is working on a three-pronged strategy to support exporters threatened by the tariff hike. One approach involves launching a sector-specific support scheme under the proposed ₹2,250 crore Export Promotion Mission. Another centres on diversifying export destinations away from the US. The third measure could see surplus products redirected to meet domestic demand if American orders decline.

Speaking earlier at the M S Swaminathan Centenary International Conference, Modi said: "For us, the welfare of our farmers is of the highest priority. India will never compromise on the interests of its farmers, livestock rearers, and fishermen. And I am fully aware that I may have to pay a very heavy price personally, but I am prepared for it."

Talks between India and the US on an interim trade deal collapsed last month with disagreements over American dairy products and genetically modified crops proving insurmountable.

In Washington DC, White House trade advisor Peter Navarro described India as the "Maharaja of tariff". Defending US President Donald Trump's decision to impose an additional 25 per cent levy on Indian goods for New Delhi's purchase of Russian crude, Navarro said the move was driven by national security concerns. "The rationale for the Indian tariff is very different from the reciprocal tariff. This was a pure national security issue associated with India's abject refusal to stop buying Russian oil," he said. Earlier on August 1, the Trump administration had imposed a 25 per cent reciprocal tariff on Indian goods, on top of existing World Trade Organization-compatible duties.

Jobs in jeopardy

The textile sector may face the biggest job impact from Trump tariffs.

SHIVA RAJORA

Sector	People engaged*
Textiles	1,722,672
Basic metals	1,411,577
Apparel	1,320,172
Chemicals & Chemical products	1,058,217
Rubber & plastics	948,210
Pharmaceuticals	925,811
Leather products	407,753
Jewellery	262,476

*Includes workers directly employed, via contractors, and employees other than workers
Source: ASI 2022-23 report

Asked whether countries importing petroleum products from India could also face similar tariffs, Navarro said: "We are looking at that all. It's got to stop. American dollars buy Indian products and that sets in motion where those dollars finance (Russian) war which then requires American taxpayers to pay for defending against the Russian armaments. That kind of trade doesn't work."

Three-pronged strategy

A person aware of the three-pronged support plan for exporters said schemes will be "tailor-made to specifically support sectors that will be adversely affected by the substantial hike in tariff".

"There should be a focus on diversification of the export market, since disrupted world trade also creates opportunities. The Department of Commerce and the export promotion councils are closely analysing and looking for opportunities in regions other than the US," the person said.

Exporters have warned that the US tariff hike is a significant blow, directly impacting nearly 55 per cent of India's exports to the American market. Apparel and leather exporters are expected to be the hardest hit, especially as this is the period when orders for the summer season are placed.

On Thursday, exporters from the textiles and chemicals sectors met senior officials from the commerce and industry ministry to seek assistance. It is estimated that around 6 per cent of the industry will be directly affected by the higher tariffs. “The textile sector is one of the worst hit since it is a labour-intensive sector. Orders are generally long-term in nature, making the switch to export market diversion tricky,” a person familiar with the discussions said.

Exporters from these sectors have requested a five-year extension of the Rebate of State and Central Levies and Taxes (RoSCTL) and the Remission of Duties and Taxes on Exported Products (RoDTEP) schemes. They also called for a reduction in the compliance burden associated with the advance authorisation scheme and a cut in port charges.

Industry estimates suggest that 20 products in the chemicals sector will be adversely affected, accounting for around 75 per cent of the $6 billion worth of exports to the US.

The US remains India’s largest destination for merchandise exports. In FY24, India exported goods worth $86.5 billion to the US, an increase of 11.6 per cent over the previous year, while imports stood at $45.7 billion, resulting in a trade surplus of $40.8 billion.

Source: business-standard.com– Aug 08, 2025

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US tariff impact: India's FY26 GDP growth likely to take 60-bp hit

The US' move to raise the tariff on most Indian goods to 50 per cent could drag India's GDP growth for FY26 by 35 to 60 basis points, according to various economists. One basis point (bp) is equal to 0.01 per cent.

While domestic consumption may avert a huge blow to growth, experts feel that it would still be a setback for the economy and may require government intervention.

"If 50 per cent tariff sticks then there could be an impact of 40 to 60 bps on our baseline forecast of 6.3 per cent," said Sakshi Gupta, principal economist, HDFC Bank.

Gupta said the impact would be contingent on a number of factors, including final tariff on China, pace of rupee depreciation and recovery in the domestic economy itself.

Analysis by Morgan Stanley Research estimates that if all goods exports are subject to a 50 per cent tariff rate, the direct impact on growth is likely to be 60bps. The indirect impact, it said, could be of a similar magnitude, over a period of 12 months.

"However, if downside risks persist, we anticipate policy support to step up to bolster domestic growth conditions," Morgan Stanley report said. In FY25, India's total exports to the US stood at US$86.5bn which is 2.2 per cent of the GDP.

While several economists are hopeful that the tariff announcement is not tenable and there could be a settlement between the two countries in the 21-days window, given the current situation the GDP growth would take some hit.

"We should look at the impact the tariffs could have on nominal GDP growth since it is important for corporate revenue growth, credit demand and fiscal accounting.

The CAD could also widen by 50 bps from our current estimate of 0.8 per cent of GDP for FY26 if current 50 per cent trade tariffs stay, but capital flows are what will matter more from a currency point of view," Tanvee

Gupta Jain, Chief India Economist, UBS Securities India said. UBS Securities has so far kept its forecast for FY26 unchanged at 6.4 per cent. Gupta said in FY26 there could be a downside impact of 35 bps to GDP growth and 60 bps in FY27.

“In the worst case there would be a negative impact of 40 basis points for the GDP growth this financial year, if there is no deal and no package for exporters,” said Madan Sabnavis, chief economist, Bank of Baroda.

With several factors at play, economists feel how the global growth pans out would also play a role in India’s GDP growth. “This is a high impact situation with a low probability,” said Vivek Kumar, economist, QuantEco Research.

A report by Goldman Sachs estimated that if the new additional duty is enforced, then that would constitute a potential drag of 0.6 percentage points to India’s calendar year GDP growth.

“We see downside risks to our growth estimates for both CY25 and CY26, but are not making any changes to our growth forecasts at the moment, given that there is a three-week window for negotiations until the new incremental tariffs come into effect,” the Goldman Sachs report said.

A report by Emkay Strategy said that the additional 25 per cent tariff would decimate Indian exporters to the US and bring exports to the US to a near-complete halt, with second-order hits on employment-heavy sectors like textiles and jewellery.

“India’s high dependence on domestic consumption will avert any catastrophic growth collapse, although we see the need for targeted stimuli to counter such a move,” Emkay Strategy said.

Source: business-standard.com– Aug 08, 2025

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India must seek carbon safeguards for small firms in FTA talks with EU

The Carbon Border Adjustment Mechanism (CBAM) of the European Union (EU) was notified primarily to prevent carbon leakage and provide a level playing field for domestic (European) producers. Initially, the most energy-intensive sectors — such as iron and steel, aluminium, cement, fertilisers, electricity, and hydrogen — have been covered by the scheme. Other sectors will be included over time. The CBAM will become operational from January 2026.

The EU is India's second-largest export market. India exported $70 billion worth of merchandise to the EU in 2023, out of which CBAM-covered commodities were worth $7.3 billion, amounting to 10.5 per cent of its merchandise exports to the EU. Iron and steel ($5.5 billion) and aluminium ($1.8 billion) together constituted 99 per cent of India's CBAM-covered exports.

According to a study conducted by the Centre for Science and Environment, if carbon is priced at €100 per tonne, the impact of CBAM would amount to an average additional tax of 25 per cent on India's exports of CBAM-covered products to the EU. This would cost India $1.7 billion, or 0.05 per cent of its gross domestic product.

The World Bank's Relative CBAM Exposure Index, which measures the impact of CBAM on a country's competitiveness in the EU market, also indicates an adverse impact on Indian exports, with iron and steel being the worst hit.

In the business-as-usual scenario, price competitiveness is decided on the basis of explicit or private cost without internalising negative externalities in the price matrix. In that case, India is competitive vis-à-vis other competitors owing to its use of more emission-intensive technologies in its production processes.

For example, 46 per cent of crude steel produced in India is primary steel, which uses the blast furnace–basic oxygen furnace (BF–BOF) route. Secondary steel production uses direct reduced iron–electric arc furnace (DRI–EAF) and DRI–induction furnace routes making up 23 per cent and 31 per cent, respectively.

Primary steel is generally produced by the big players, whereas small and medium-sized players mainly make secondary steel. Currently, the BF–BOF route is the most prevalent and cost-effective method globally, and it is likely to constitute 60 per cent of total crude steel production in India by 2030, according to an estimate by the Ministry of Steel.

The emission intensity of the BF–BOF route is roughly 3 tonnes of CO_2 per tonne of crude steel (tcs), which is much higher than the global average of 2 tCO_2/tcs. Other routes also have higher emission intensity than the global average. Once the emission cost is accounted for along with private cost, India’s price competitiveness vis-à-vis competitors will erode. The same is true in the case of aluminium.

The market structure of authorised importers in the EU will also significantly influence the performance of exporters following the implementation of CBAM. It is estimated that around 20,000 authorised importers would be importing more than the proposed new exempted limit (50 tonne per importer per calendar year).

The presence of such a large number of big importers indicates a reasonably competitive market structure. In a competitive environment, the exporters can reduce their profit margins to offset the additional costs arising from CBAM-related carbon pricing and still remain competitive. Similarly, importers facing competitive pressures might also choose to share the burden of these additional costs to retain market share and sales volume. This more balanced market dynamic could help Indian exporters maintain their foothold in the EU, despite the added compliance costs.

The small and medium enterprises (SMEs) will be worst hit as a result of the implementation of CBAM. They would not be able to initiate the decarbonisation process owing to a lack of finances and meet measuring, reporting and verification (MRV) requirements without hand-holding by the government. In the ongoing free trade agreement (FTA) negotiations with the EU, it is advisable to press for special concessions for SMEs . This demand is likely to find some traction, especially in light of the EU’s recent efforts to strengthen its strategic partnership with India, partly in response to a shift in US engagement. The increased de minimis limit for exemption from the CBAM obligations for EU importers can also be helpful. Some facilitation efforts by the government, for example, by opening a facilitation office in the EU may help. (Though market forces should help Indian small players gain market access in the same way as in the pre-CBAM regime).

The big players are still better placed to combat this challenge. They have deeper pockets and some of them have already taken measures through their ongoing decarbonisation initiatives.

These companies can also employ a dual-market strategy — exporting their low-carbon production to the EU while reserving higher-emission goods for the domestic market or countries with less stringent environmental regulations. This approach is particularly viable for sectors like steel and aluminium, which enjoy strong and growing domestic demand — a trend expected to continue given India's growth path.

Source: business-standard.com– Aug 08, 2025

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India takes a re-look at US market access offer; Sectors, barring farm, under review for BTA talks

Despite US President Donald Trump doubling tariffs, India is hoping to conclude the Bilateral Trade Agreement later this month, well before the extra 25% duty comes into effect in 21 days.

3-pronged Strategy for exporters

The exercise is being undertaken at the highest levels of the government and economic ministries have been asked to look at their sectors to review India's offer and if it can be improved, they said. However, market access in agriculture and dairy remains a redline for India, they said.

PM Narendra Modi has said firmly that the interests of farmers and the dairy industry will be protected.

The US wants greater market access for its farm products including corn, soyabean, apples, almonds and ethanol as well as dairy goods. India is resisting the demand as it will have a direct bearing on farmers. However, other sectors are being examined to assess if market access offers can be improved, said the people cited.

India enjoys a trade surplus with the US and has the scope to shrink this through, for instance, increased energy imports. Some of India's defence needs can be also sourced from the US, said trade experts who did not want to be identified.

The US trade negotiators are scheduled to be in India from August 25 to 30. Separately, the government is also working on a three-pronged strategy to ease the impact of higher tariffs. "Work is going at a fast pace to bring some relief to exporters," said an official.

Goods diversion

Officials said that schemes under the proposed Export Promotion Mission would be tailor-made to help the sectors impacted by challenges that arise. These schemes will have a long-term footprint to ensure stability in trade.

“Another element pertains to diversion of goods to other geographies. Exporters are working on this and the government is examining opportunities to assist this diversion,” said an official.

Source: business-standard.com– Aug 08, 2025

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Not until we get it resolved: Trump on trade negotiations with India

US President Donald Trump has ruled out the possibility of trade negotiations with India, until the issue of tariffs is resolved.

“No, not until we get it resolved,” Trump said in the Oval Office in response to a question on whether he expects increased trade negotiations with India since he has announced 50 per cent tariffs on the country.

Last week, Trump had announced 25 per cent reciprocal tariffs on India that came into effect from August 7.

The US president also signed an executive order slapping an additional 25 per cent levy on India for New Delhi’s purchases of Russian oil, bringing the total duties to 50 per cent, among the highest imposed by the US on any country in the world.

The additional 25 per cent duty will come into effect after 21 days or August 27. Responding to the tariffs, the Ministry of External Affairs has said that 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,” it said. On the current situation between India and the US, prominent Indian-American attorney Ravi Batra said “much more is at stake” amid Trump’s tariffs.

He described as “unfortunate” that Russian President Vladimir Putin did not accept a ceasefire with Ukraine as wanted by Trump.

"Hurting India is to hurt Russia,” Batra said in a post on X. “But it hurts us too, much more,” he said adding that America needs the Russian president to enter into a “genuine” ceasefire with Ukraine, “free-of-deception by any, and then get President Xi (Jinping of China) and Prime Minister (Narendra) Modi to be American allies too, along with Putin.” “It’s time for a mature reset, or we risk a domino effect that hurts all and unravels multilateralism and gives us unbridled chaos that even creative Wall Street and Federal Reserve can’t handle,” he said.

Source: thehindubusinessline.com– Aug 08, 2025

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Can't absorb the shock, lay-offs inevitable, say apparel exporters

India's textile and apparel exporters have suffered a major blow after the United States raised tariffs on Indian imports to 50%, as it wiped out any limited competitive edge they had over key rival Bangladesh, which faces a lower 20% duty.

Apparel exporters will now find themselves disadvantaged against other key competitors like Vietnam, and Sri Lanka too. The US accounts for about $10 billion of India's annual textile and garments exports of $37 billion.

"This is a huge setback to the labour-intensive apparel export industry. There is no way the industry can absorb this," Sudhir Sekhri, Chairman of the Apparel Export Promotion Council (AEPC), told FE.

Massive Job Losses Loom in the Labor-Intensive Sector

Sekhri had earlier warned that even a 25% tariff would severely dent India's export competitiveness, forcing manufacturers to sell below cost and triggering mass layoffs.

Textile industry is the country's second-largest employment generator after the agriculture sector, with over 45 million direct jobs. Industry sources on condition of anonymity said lay-offs would be inevitable if the hefty US tariff persists.

China, which accounts for about a fifth of US apparel imports, is subject to a 30% interim extra US tariff, and US officials have warned of an additional 34% hike if ongoing trade negotiations between Washington and Beijing fail to reach a resolution by August 12.

"The US tariff announcement is a huge setback for India's textile and apparel exporters as it has further complicated the challenging situation we were already grappling with and will significantly weaken our ability to compete effectively vis-à-vis many other countries for a larger share of the US market," Confederation of Indian Industry chairman Rakesh Mehra said.

The new US rate for Bangladesh is 20%. The latest US tariff rate for Indonesia and Cambodia are 19% each. The tariff rate for Vietnam is 20%. Currently, China is the biggest exporter of textiles and apparel items to the US, followed by Vietnam, India, and Bangladesh

In 2024, the US imported $107.72 billion worth of textiles, including $80 billion in apparel. China held the largest share at 21%, followed by Vietnam (19%), Bangladesh (9%), India (6%), and Sri Lanka (3%).

The US is a key market for Indian ready-made garments (RMG), accounting for 33% of total garment exports in 2024. India's share of US RMG imports rose from 4.5% in 2020 to 6% in 2024, making it the fourth-largest exporter to the US, behind China, Vietnam, and Bangladesh—countries that together supplied 49% of US apparel imports in 2024.

Exporters Call for Government Intervention and Support

Indian exporters were earlier hoping to gain market share in the US after Trump's initial tariff announcement during his 'Liberation Day' address in April. At that point, India's key competitors—Vietnam (46%), Bangladesh (37%), and Sri Lanka (44%)—were facing significantly higher tariffs.

However, following intense negotiations and major US buying commitments across sectors, these countries managed to get their tariffs reduced to 20%.

"I am sure the government also realises that this unreasonable increase in tariff will sound the death knell for the Micro and Medium apparel industry, especially those who majorly sell to the US market, unless the GoI steps in with direct fiscal support to the industry," Sekhri said.

Source: economictimes.com– Aug 06, 2025

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FTA delay key reason for lower intra-BIMSTEC trade: ICC Bangladesh

Trade between member nations of the Bay of Bengal Initiative for Multi-Sectoral Technical and Economic Cooperation (BIMSTEC) is still relatively low—only about 7 per cent of their total trade happens within the group—and a major reason for this is the delay in signing a free trade agreement (FTA), which has been under discussion since 2004, the International Chamber of Commerce-Bangladesh (ICCB) recently said.

In the editorial of its current News Bulletin (April-June 2025), ICCB said progress on the FTA front has been slow, largely due to non-tariff barriers, the protection of sensitive products and the reluctance of some countries to open their markets.

"Despite 25 years of operation, BIMSTEC still faces major challenges. Key transport projects are delayed. In Bangladesh, political uncertainty and occasional tensions with India hinder regional cooperation. Myanmar's ongoing unrest further complicates progress, making it difficult to develop crucial transport links and raising concerns about the group's cohesion," the editorial noted.

Bangladesh, as the current BIMSTEC chair, needs to focus on boosting trade among member countries by easing visa rules, improving customs systems and supporting digital payments, it suggested.

"For Bangladesh, stronger ties within BIMSTEC could bring many benefits. Bangladeshi businesses—especially in garments, agriculture, pharmaceuticals, and light industries—could enjoy lower trade costs and better access to regional markets.

Additionally, foreign companies might become more interested in investing in Bangladesh, particularly in infrastructure, energy, and digital technology, if there are clear and stable regional trade rules in place. This would benefit not only Bangladesh, but the entire region," the editorial said.

This year marks the 25th anniversary of the establishment of the BIMSTEC, which was founded on June 6, 1997.

"The BIMSTEC Trade Facilitation Strategic Framework 2030, developed by the Asian Development Bank (ADB), is an important initiative to advance trade facilitation among member states.

During its two-year leadership, Bangladesh has the opportunity to persuade member countries to implement the ADB Framework 2023," the ICCB editorial added.

Source: fibre2fashion.com– Aug 05, 2025

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ICE cotton slips as crude oil falls, market eyes USDA data

ICE cotton futures weakened on Wednesday as falling crude oil prices discouraged cotton buying. Unlike grain markets, US cotton was less influenced by broader commodity trends. Most ICE cotton contracts closed lower. Market participants are awaiting the USDA's weekly cotton export sales report and next week's monthly supply and demand report. However, ICE traded positively on Thursday.

The most active ICE December 2025 contract settled at 66.84 cents per pound (0.453 kg), down 0.27 cent. The contract had earlier hit a one-week high after dropping to 66.34 cents on Friday, its lowest level since June 23. Cotton futures traded sideways, with prices ending 19 to 27 points lower, except for October, which rose 11 points to 65.70 cents.

Crude oil prices declined, raising uncertainty over whether the United States will impose new sanctions on Russia. Lower oil prices make polyester—a substitute for cotton—cheaper.

Trading volume totalled 28,139 contracts, including 4,200 contracts executed via EFS. The inventory of ICE's deliverable No. 2 cotton futures contract stood at 21,617 bales as of August 5, unchanged from the previous day.

Cotton has been less influenced by other markets, unlike corn and wheat, which have hit new contract lows. In contrast, US equities have recovered from recent losses.

The US has imposed 50 per cent tariffs on certain Brazilian goods, effective August 6, 2025, affecting approximately 35 per cent of Brazil's exports to the US.

Market analysts noted that lower spot prices and spreads are providing buying opportunities, with fund managers covering short positions at the recent low of 66 cents, offering support. Some buying also stemmed from market fundamentals, while a weaker dollar encouraged additional purchases.

Traders are now preparing for the US Department of Agriculture's (USDA) weekly export sales report on Thursday, followed by the closely watched Monthly Supply and Demand Estimates (WASDE) next week.

Overall risk appetite improved, with US stock futures climbing as investors bet on a potential Federal Reserve interest rate cut later this year and digested a new round of corporate earnings.

In grains, Chicago wheat futures hovered above a five-year low, while corn futures remained near contract lows amid a global supply glut. Soybean prices closed lower.

Brazil's cotton prices declined due to increased supply and falling international prices. Brazilian cotton continues to undercut US offers by at least 4 cents, contributing to weak demand. Ongoing tariff turmoil has also impacted the market.

Export data from Brazil's Secretariat of Foreign Trade (Secex) showed that Brazil exported 127,049.29 tons of cotton in July, with an average daily export volume of 5,523.88 tons—a 24 per cent decrease from the average daily export of 7,270.13 tons in July of the previous year.

As of now, ICE cotton for December 2025 is trading at 66.95 cents per pound (up 0.11 cent), cash cotton at 63.31 cents (up 0.11 cent), the October 2025 contract at 65.70 cents (up 0.11 cent), the March 2026 contract at 68.29 cents (up 0.10 cent), the May 2026 contract at 69.40 cents (up 0.08 cent), and the July 2026 contract at 70.21 cents (up 0.05 cent). A few contracts remained at their previous closing levels, with no trading recorded today.

Source: fibre2fashion.com– Aug 07, 2025

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