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USD	EUR	GBP	JPY
87.68	102.54	118.50	0.59

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INTERNATIONAL NEWS

WTO sees less severe global trade slowdown amid US front-loading

The World Trade Organization predicted subdued global merchandise trade this year and next, saying activity remains clouded by President Donald Trump's tariffs on US imports, while lifting its estimate for 2025.

After a 2.9% gain in 2024, global goods trade will increase by 0.9% this year, compared with an April forecast for a 0.2% decline, the Geneva-based trade body said in a report Friday. The upward revision was attributed to a rush by American importers to stockpile products, parts and raw materials before the bulk of Trump's higher levies took effect.

The WTO said that next year, goods trade will rise 1.8%, less than the 2.5% rebound seen four months ago.

"The shadow of tariff uncertainty continues to weigh heavily on business confidence, investment and supply chains," said Ngozi Okonjo-Iweala, the WTO director general. "Uncertainty remains one of the most disruptive forces in the global trading environment."

She added that "it is important that a broader cycle of tit-for-tat retaliation that could be very damaging to global trade has so far been avoided."

The Trump administration has rolled out so-called reciprocal tariffs on countries that run counter to the principles of the WTO — a 30-year-old institution that oversees the rules of cross-border commerce while shunning high tariffs or favoritism in their use.

Jamieson Greer, the US trade representative, sought to declare the start of a new international trading system in an op-ed published this week in The New York Times. The current system under the WTO "is untenable and unsustainable," he wrote. "In a few short months, the United States secured more foreign market access than it had in years of fruitless WTO negotiations."

Source: economictimes.com– Aug 09, 2025

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Average US tariffs hit highest since 1910s: WTO and IMF

The US tariff rate now averages 20.1 percent, the highest level since the early 1910s -- except for a brief spike earlier this year -- after new duties took effect Thursday, WTO and IMF data showed Friday.

The figure, calculated by the World Trade Organization (WTO) and the International Monetary Fund (IMF), stands in contrast with the 2.4 percent rate in force at the time of President Donald Trump's inauguration on January 20.

Trump's April 2 announcement of "reciprocal" tariffs on the United States' main trading partners and subsequent escalations, particularly on Chinese goods, briefly drove the average rate to 24.8 percent in May, a figure unseen since 1904, according to data from the United States International Trade Commission.

A trade "truce" brought down sky-high tariff levels that the United States and China had imposed upon one another, but that is set to expire next week.

The new figure by the WTO and IMF takes into account the trade deals the United States negotiated with the European Union, Japan, South Korea and other nations that have now come into force.

These deals usually included lower tariff levels than Trump threatened in April, but were higher than the baseline 10 percent rate the US introduced. The rate calculated by the WTO and the IMF applies the latest rates to 2024 trade volumes.

The updated average tariff rate exceeds the nearly 20 percent rate that the United States applied in the 1930s, a period of high tariffs that economists widely consider behind the severity and duration of the Great Depression.

Source: economictimes.com– Aug 09, 2025

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Trump Administration Extends China Tariff Pause for 90 Days

President Donald Trump has extended the tariff ceasefire with China by another 90 days.

Hours before the trade truce between the nations was due to expire, a White House official told CNBC that the president had signed an executive order renewing the terms of a May deal brokered by trade officials in Geneva for three more months.

The agreement established 30-percent tariffs on China-originating imports into the United States and 10-percent duties on U.S. exports to the country, replacing much higher, triple-digit bilateral duties threatened by both Beijing and Washington in April.

Earlier in the day, the president played coy about the status of the deal, telling reporters, "We'll see what happens." Trump characterized his relationship with Chinese President Xi Jinping as "very good."

China's Foreign Ministry likewise expressed optimism about a deal on Monday morning. Spokesperson Lin Jian told reporters that a recent talk between the heads of state had gone well.

"We hope the U.S. will work with China to implement the important common understandings reached by the two presidents during the phone call, make good use of the economic and trade consultation mechanism, and work for positive outcomes on the basis of equality, respect, and mutual benefit," he said.

Separately, chipmakers Nvidia and AMD agreed to pay the American government 15 percent of their revenues from sales to China as a means of securing export licenses for Nvidia's H20 chip and AMD's MI308 chip. The president said previously that sales of the chips to China should be blocked due to national security concerns.

Source: sourcingjournal.com – Aug 11, 2025

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Tariffs drive down US import volumes, NRF warns of economic strain

Import cargo volumes at the US major container ports are projected to close 2025 about 5.6 per cent lower than in 2024, as new tariffs weigh on international trade, as per the National Retail Federation (NRF) and Hackett Associates.

The forecast comes as tariffs on dozens of countries around the world that had been announced, postponed and then finally enacted after months of negotiations and deals began to take effect this week.

The ports have not yet reported numbers for July, but Global Port Tracker projected that the month surged to 2.3 million Twenty-Foot Equivalent Units (TEU) as retailers brought in merchandise ahead of this month's tariffs. That would be the highest number in a year, up 17.3 per cent from June and down just 0.5 per cent YoY, according to the Global Port Tracker report released by the NRF and Hackett Associates.

August is forecast at 2.2 million TEU, down 5 per cent YoY, and September at 1.83 million TEU, down 19.5 per cent YoY. October is forecast at 1.82 million TEU, down 18.9 per cent YoY; and November at 1.71 million TEU, down 21.1 per cent for the lowest total since 1.78 million TEU in April 2023. December is forecast at 1.72 million TEU, down 19.3 per cent YoY.

While the falling aggregate totals in September through December are related to pulling cargo forward during the first half of the year due to tariffs, the large YoY percentage declines are partly because imports in late 2024 were elevated due to concerns about East Coast and Gulf Coast port strikes.

The first half of 2025 totalled 12.53 million TEU, up 3.6 per cent YoY. Volume forecast for the remainder of the year would bring 2025 to a total of 24.1 million TEU, down 5.6 per cent from 25.5 million TEU in 2024, added the report.

US ports covered by Global Port Tracker handled 1.96 million TEU—one 20-foot container or its equivalent—in June, the latest month for which final data is available. That was up 0.7 per cent from May but down 8.4 per cent YoY.

“While this forecast is still preliminary, it shows the impact the tariffs and the administration’s trade policy are having on the supply chain,” said Jonathan Gold, NRF vice president for supply chain and customs policy. “Tariffs are beginning to drive up consumer prices, and fewer imports will eventually mean fewer goods on store shelves. Small businesses especially are grappling with the ability to stay in business. We need binding trade agreements that open markets by lowering tariffs, not raising them. Tariffs are taxes paid by US importers that will result in higher prices for US consumers, less hiring, lower business investment and a slower economy.”

“The hither-and-thither approach of on-again, off-again tariffs that have little to do with trade policy is causing confusion and uncertainty for importers, exporters and consumers,” said Ben Hackett, founder at Hackett Associates.

“Friends, allies and foes are all being hit by distortions in trade flows as importers try to second-guess tariff levels by pulling forward imports before the tariffs take effect. This, in turn, will certainly lead to a downturn in trade volumes by late September because inventories for the holiday season will already be in hand. Meanwhile, US exporters are being left with unsold products as counter tariffs are applied.”

Source: fibre2fashion.com– Aug 13, 2025

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Egypt signs pact with Chinese firm to set up home textile-garment unit

Egypt's Suez Canal Economic Zone (SCZone) recently signed an agreement with China's Changzhou Ramada Blanket Industry Co Ltd to set up a $22.6-million home textile and garment manufacturing unit in the Qantara West Industrial Zone.

Covering 80,000 square metres, the facility will create 1,500 direct jobs and produce around 5,000 tonnes of fabric, 4 million sets of bed covers, and 1 million sets of car carpets every year.

Nine-tenths of its production output will be exported.

SCZone aims at positioning Qantara West as an integrated hub for textiles, readymade garments and accessories, its chairman Walid Gamal El-Dien was cited as saying by domestic media reports.

Thirty-two projects have been signed in the zone till now, with total investments exceeding $822 million and creating 45,600 direct jobs.

Source: fibre2fashion.com– Aug 13, 2025

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Italian exports up 4% MoM in June, imports rise 3.3%

Seasonally-adjusted Italian exports and imports increased by 4 per cent and 3.3 per cent month on month (MoM) respectively in June this year, according to the official statistics agency Istat.

Exports rose by 6.3 per cent MoM for non-European Union (EU) countries and by 1.8 per cent MoM for EU countries in the month. Imports grew by 5.2 per cent MoM for non-EU countries and by 2 per cent MoM for EU countries.

Over the second quarter (Q2) this year, seasonally-adjusted data declined quarter on quarter (QoQ) for both exports and imports by 2.6 per cent and 1.7 per cent respectively.

Exports increased by 4.9 per cent year on year (YoY) and imports by 4.8 per cent YoY in June. Outgoing flows rose YoY for both non-EU countries (plus 5.2 per cent) and EU countries (plus 4.6 per cent). Incoming flows grew by 10.1 per cent YoY for non-EU area and by 1.2 per cent YoY for the EU.

In June, trade balance registered a surplus of €5,409 million—€5,478-million surplus for non-EU countries and €69-million deficit for EU countries. Excluding energy, trade balance surplus amounted to €9,331 million, an Istat release said.

Import prices in the country in June increased by 0.2 per cent MoM—plus 0.2 per cent for the euro zone and plus 0.2 per cent for the non-euro zone. Over Q2 2025, import prices decreased by 2.5 per cent QoQ—minus 0.9 per cent for the euro zone and minus 3.8 per cent for the non-euro zone.

Import prices in Italy decreased by 2.7 per cent YoY—minus 1.8 per cent for the euro zone and minus 3.4 per cent for the non-euro zone.

Source: fibre2fashion.com– Aug 13, 2025

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Germany's trade surplus shrinks in June as imports outpace exports

Germany's foreign trade surplus narrowed in June 2025 as imports grew at a faster pace than exports, according to provisional data from the Federal Statistical Office (Destatis).

On a calendar and seasonally adjusted basis, exports rose 0.8 per cent from May to €130.5 billion (~$151.74 billion), while imports increased 4.2 per cent to €115.6 billion (~$134.42 billion). This left a trade surplus of €14.9 billion (~$17.33 billion), down from €18.5 billion (~$21.51 billion) in May and €20.3 billion a year earlier.

Year-on-year, exports increased 2.4 per cent and imports surged 7.9 per cent.

Germany exported €73 billion worth of goods to EU member states in June, up 2.4 per cent from May, while imports from the bloc rose 3.5 per cent to €59.6 billion.

Exports to euro area countries climbed 3.1 per cent to €50.7 billion, with imports up 3.9 per cent to €39.3 billion. Trade with non-euro EU members also increased, with exports up 1 per cent to €22.3 billion and imports rising 2.8 per cent to €20.4 billion.

Exports to non-EU countries fell 1.2 per cent to €57.5 billion, while imports jumped 5 per cent to €56 billion, Destatis said in a release.

The US remained Germany's top export market, though shipments fell 2.1 per cent from May to €11.8 billion — the lowest since February 2022 and down 8.4 per cent year-on-year (YoY). Exports to China rose 1.1 per cent to €6.9 billion, while those to the UK edged up 0.4 per cent to €7.2 billion.

China was also Germany's largest source of imports, with inflows rising 5.8 per cent to €14.6 billion. Imports from the US surged 19.8 per cent to €8.8 billion, the highest since June 2022, while UK imports declined 5.5 per cent to €3 billion.

Exports to Russia increased 10.3 per cent month-on-month to €0.6 billion, up 3.6 per cent from June 2024. Imports from Russia surged 46 per cent from May to €0.1 billion but were still 17.7 per cent lower YoY.

On a nominal basis (not seasonally or calendar adjusted), exports stood at €128.7 billion and imports at €113.2 billion, leaving a surplus of €15.5 billion — down from €21.6 billion in June 2024.

Compared with a year earlier, exports rose just 0.1 per cent, while imports increased 5.9 per cent.

Source: fibre2fashion.com– Aug 13, 2025

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UK retail sales strong in July but rising costs cloud outlook: BRC

UK total retail sales rose by 2.5 per cent year-on-year (YoY) in July, compared with 0.5 per cent growth in July 2024, exceeding the 12-month average growth rate of 1.9 per cent, according to British Retail Consortium (BRC).

Non-food sales grew by 1.4 per cent YoY, reversing a 1.8 per cent decline in July 2024 and outperforming the 12-month average of 0.8 per cent. In-store non-food sales rose 1.9 per cent, compared with a 3 per cent fall last year, while online non-food sales edged up 0.3 per cent, matching last year's growth but falling short of the 12-month average of 1.9 per cent.

The online penetration rate for non-food items slipped to 34.8 per cent in July, down from 35.1 per cent a year earlier, and remained below the 12-month average of 36.7 per cent.

"Fashion sold well early in the month, but deteriorated as weather worsened, while homeware and indoor furniture grew steadily, recovering from the previous year's decline.

With sales growth at these levels, it is barely touching the sides of covering the £7billion (~$9.42 billion) new costs imposed on retailers at the last Budget," Helen Dickinson, chief executive of the British Retail Consortium, said in a release.

"If the upcoming Autumn Budget sees more taxes levied on retailers' shoulders many will be forced to make difficult choices about the future of shops and jobs, and ongoing pressure would push prices higher.

Ultimately, this means more families struggling, particularly those on lower incomes, reduced consumer spending and a drag on economic growth," Dickinson added.

"With employment costs having risen and inflation both a business and consumer side pressure, it remains a challenging trading environment for many retailers.

While the majority of consumers that KPMG surveys are confident in their ability to balance their monthly household budgets, big ticket purchases are more considered in the context of rising essential costs and ongoing caution about the economy and labour market. Holidays are the priority for many this summer but those heading away have had to account for a higher cost of travel.

Consequently, spending in some areas of the retail sector remains subdued and competition for consumer spend will remain fierce," commented Linda Ellett, UK head of consumer, retail & leisure, KPMG.

Source: fibre2fashion.com– Aug 12, 2025

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Vietnam Trade Expansion Fuels $14B Port Project

As Vietnam's role in global trade continues to grow, one of the country's largest conglomerates is making inroads to expanding the Southeast Asian nation's ability to serve ocean carriers.

Vingroup is planning on building a new port complex and logistics center in the country's northern city of Hai Phong that is slated to cost 373.8 trillion Vietnamese dong ($14.2 billion). The company revealed the investment in an Aug. 2 filing with the Ho Chi Minh City Stock Exchange.

The Nam Do Son Port project is slated to begin in 2026, with construction expected to take place in three phases through 2040. The complex is expected to be 4,400 hectares (about 15 square miles) across land and water, but it is unknown how many 20-foot equivalent units (TEUs) or vessels the seaport is anticipated to be able to host.

Vingroup will use its own funds to finance about 15 percent of the total investment costs and seek external sources to pay for the remaining 85 percent.

In June, Vietnam's construction ministry said it approved a 66-trillion Vietnamese dong ($2.5 billion) development plan to upgrade the Hai Phong port system by 2030. That money will be allocated to the port's infrastructure development, while another 12 trillion Vietnamese dong ($457 million) will fund public maritime infrastructure.

Hai Phong already boasts one of the largest deep-water port networks in Vietnam, handling 190 million tons of cargo in 2024. This year, that number is expected to increase to 212 million tons. Nguyen Duc Tho, the vice chairman of the Hai Phong People's Committee, said cargo traffic through Hai Phong has seen an annual increase of 12 to 15 percent.

There are 14 international shipping routes from Hai Phong, including six trans-Pacific services to the Americas, one to Australia and two to India.

Vietnam's ports have already saw robust growth in the first four months of 2025. According to the Vietnam Maritime and Waterway Administration under the construction ministry, total cargo via ports reached 370.5 million metric tons, up 11 percent compared to the same period last year.

Container cargo played a pivotal role in this upward trend, with an output of 10.5 million TEUs, an 11-percent year-over-year increase. Both imports and exports grew 14 percent a piece to 3.29 million TEUs and 3.4 million TEUs, respectively.

Ahead of U.S. President Donald Trump's initial "reciprocal" tariff announcement in April, trade with the country widened significantly, perhaps giving a preview of things to come for the mass apparel and footwear producer that further magnifies the need for more ocean cargo capacity.

Exports across January to July rose 14.8 percent over the same period of 2024 to $262.4 billion, while imports were up 17.9 percent to $252.3 billion, according to Vietnam's National Statistics Office.

The growth percentage numbers are even higher when only calculating U.S. totals in the seven-month span. The January-to-July period saw shipments from Vietnam to the U.S. accelerate 27.8 percent to $85.1 billion, according to the country's customs department.

Vietnam's imports from the U.S. rose 22.7 percent to $10.5 billion during the stretch, with the country cutting duties on goods from the U.S. as part of its trade negotiations.

Yet to be finalized, the July trade deal brokered with the U.S. includes a 20-percent tariff on the country's exports to America, and another 40-percent tariff on transshipments that originated in a third country. The latter tariff comes amid the White House's assertion that Chinese goods are often shipped to Vietnam before being sent out to the U.S.

Vietnam's state-owned ocean carrier, Vietnam Maritime Corp., sees some of the writing on the wall, with the company saying in January that it wanted to expand its container shipping fleet by 20 percent annually over the next five years. At the time, the carrier said it manages a fleet of 48 ships, including seven container vessels.

Revenue at the carrier is expected to expand to $3 billion in the next 10 years, up from about $800 million targeted for 2025.

One of the biggest global ocean carriers, CMA CGM, is making a major push of its own in the Vietnamese market. The French container shipping giant is investing $600 million to build a deep-water terminal complex at

Hai Phong Port, which would be the company's first docking facility in one of Vietnam's northern ports.

CMA CGM partnered with Saigon Newport Corporation to develop the 1.9-million-TEU project, which is scheduled to open in 2028.

Vingroup's plans come as the conglomerate has undergone significant expansion in recent years. The company's automotive arm, VinFast, manufactures electric vehicles in a 335-hectare factory complex in Hai Phong.

In April, the conglomerate broke ground on a coastal tourism-urban complex on the outskirts of Ho Chi Minh City that is expected to cost 282.8 trillion dong ($10.8 billion). Vingroup also plans to develop 25.5 gigawatt-hours of renewable energy and liquefied natural gas power projects by 2030.

Source: sourcingjournal.com– Aug 12, 2025

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Bangladesh: boosting U.S. cotton proportion to secure tariff exemptions

After months of negotiations, the United States reached agreements on reciprocal tariff negotiations with most countries on July 31, and the White House released the adjusted reciprocal tariffs. Judging from the final tariffs, Bangladesh saw a significant reduction from the previously stated 35% tariff, while most other major textile and apparel exporting countries were subject to tariffs around 20%.

Countries related to the textile industry	Adjusted reciprocal tariffs
Bangladesh:	20%
India	25%+25%
Indonesia	19%
Malaysia	19%
Pakistan	19%
Turkey	15%
Vietnam	20%

Note: On August 6, Trump issued a statement stating that because the Indian government imports oil from Russia either directly or indirectly, an additional 25% tariff will be imposed on goods exported from India to the United States.

This tariff rate will take effect at 12:01 a.m. (ET), on August 27, applicable to imported goods for consumption, or withdrawn from warehouse for consumption

To secure the preferential tariff treatment, the Ministry of Agriculture of Bangladesh approved a plan to import more wheat, soybeans, oilseeds, pulses, sugar, and barley from the United States. For this purpose, the ministry signed an agreement to import 700,000 tons of wheat from the United States annually.

In addition, other ministries agreed to increase imports of Boeing aircraft, liquefied natural gas, and military equipment. The United States further requested an increase in imports of medical equipment, which is still under discussion by the Ministry of Health.

In the apparel sector, according to a press conference by the Bangladesh Garment Manufacturers and Exporters Association (BGMEA), the tariff executive order stipulates that if at least 20% of the raw materials (such as U.S. cotton) used in the production of any apparel are from the United States, the additional 20% tariff will not apply to the value of these raw materials. That is to say, the use of U.S. raw materials will enjoy an additional tariff exemption, and 75% of the apparel exported by Bangladesh to the United States is made of cotton.

This is similar to the regulation reported in Vietnam earlier, where using a certain proportion of U.S. cotton in blending can lead to tariff reductions. Both aim to increase imports of U.S. cotton to obtain tariff concessions from the United States. Based on this, some Bangladeshi exporters believe that the proportion of U.S. cotton imports may rise from the current less than 10% to around 20%.

Although U.S. cotton is at a price disadvantage compared to cotton from West Africa, Brazil, and India, the policy, if effectively implemented, will be highly attractive to exporters. It is reported that for cotton of the same specification, the basis of U.S. cotton is 6-8cent/lb higher than that of African cotton, 5-7cent/lb higher than Australian cotton, 9-12cent/lb higher than Indian cotton, and about 12cent/lb higher than Brazilian cotton.

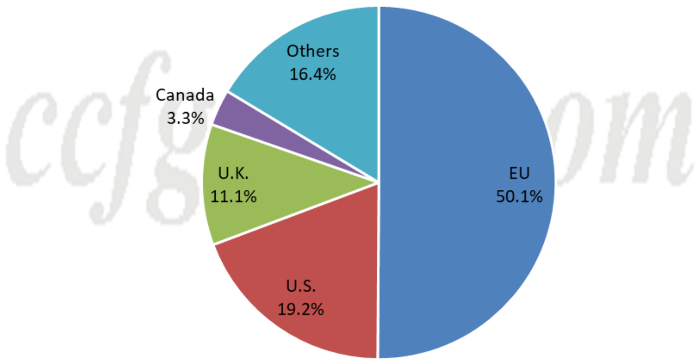
At the current ICE cotton futures, U.S. cotton is approximately 88-90cent/lb, while Brazilian cotton only costs 76-78cent/lb, with U.S. cotton being about 15% more expensive. However, U.S. cotton has lower spinning loss, usually only 5-10%, compared to 15% for Indian cotton and 12% for West African cotton. Therefore, under the rule of additional tariff exemption, increasing the proportion of U.S. cotton in blending is economically viable.

Compared with the significant growth in Bangladesh's apparel exports to the United States, its imports of U.S. cotton are relatively low. In June, Bangladesh imported 123,300 tons of cotton, with the African Franc Zone being the main source, accounting for 38% of the total imports.

Brazil ranked the second place, accounting for 28%, while India and the United States each accounted for 13%. In the first eleven months of this season, cotton imports totaled 1.52 million tons, up 11% from the same period of 2023/24 season.

Among them, the African Franc Zone supplied 40% of the total, Australia ranked second with 24%, and Brazil came third with 16%. However, imports of U.S. cotton in the 2024/25 season were less than 110,000 tons, accounting for approximately 7%, which was significantly lower than that of other countries.

Apparel export markets of Bangladesh in 2024/25 fiscal year



For apparel exports, Bangladesh exported $39.347 billion in 2024/25 fiscal year (July 2024 to June 2025). EU accounted for the highest proportion, reaching 50.1%, followed by the United States with 19.18%, the United Kingdom with 11.05%, Canada with 3.31%, and other markets with 16.36%. The export value increased by 8.84% year-on-year, among which the growth rate of exports to the United States was the fastest, reaching 13.8%.

Source: Bangladesh Garment Manufacturers and Exporters Association (BGMEA), Fiscal year of Bangladesh is from July to June of the next year.

Therefore, once the tariff exemption policy based on the proportion of U.S. cotton is formally implemented, Bangladesh's imports of U.S. cotton are expected to see significant growth. At present, China's policy of imposing additional tariffs on U.S. cotton imports has been extended, and the level of reciprocal tariffs imposed by the United States on China is higher than that on Bangladesh. Against this backdrop, it is foreseeable that in the future, some apparel orders exported to the United States will continue to flow to Bangladesh, and Bangladesh will, to a certain extent, fill the gap in U.S. cotton exports.

Source: ccfgroup.com– Aug 11, 2025

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NATIONAL NEWS

US tariffs threaten India's diamond, shrimp, and textile exports, warns Crisil

New Delhi: India's diamond polishing, shrimp, home textile, and carpet industries are likely to see their revenues hit harder by the United States' latest tariff hike, making exports to America unviable for many Indian companies, Crisil Ratings said.

The US has imposed a 25% tariff on Indian goods as a penalty for importing crude oil from Russia, effective 27 August, in addition to the existing 25% reciprocal tariff.

The impact of these tariffs will vary across sectors, depending on their US market exposure, ability to pass on costs, and competitive position relative to other exporting countries, Crisil said in a credit alert.

The rating agency also warned of a possible "second-order effect" from a slowdown in US demand and shifting global trade dynamics due to disparate tariffs across nations.

That said, strong corporate balance sheets, potential bilateral trade agreements with other countries, and the possibility of support from the Indian government for the impacted sectors could mitigate the impact to some extent, it added.

The US currently accounts for roughly 20% of India's merchandise exports, Crisil said. The sectors most vulnerable to the US's tariffs include diamond polishing, shrimp, home textiles, carpets, ready-made garments, chemicals, agrochemicals, capital goods, and solar panel manufacturing, it added.

About 25% of the revenue of Indian diamond polishers in 2024-25 came from US exports. But the tariffs along with weak demand for natural diamonds in the US threaten to significantly dent revenue and compress already thin operating margins for the sector, Crisil said.

It added that retailers in the US have shown little willingness to absorb higher costs, which would extend working capital cycles as inventory would likely be cleared more slowly and payments be delayed.

As for shrimp exporters, a sector that derives nearly half its revenue from the US, Crisil said they face some of the highest tariff burdens globally, with countervailing and anti-dumping duties already in place.

The US's new tariffs risk reducing shrimp export volumes further, especially given stiff competition from Ecuador, a lower-tariff competitor. "The sector's thin margins will be squeezed even more," Crisil said.

On textiles, chemicals, and other sectors

On home textiles and carpets, the agency said the US's new tariffs will cause sharp revenue and profit declines as the discretionary nature of these products limits the ability of retailers to pass through the additional costs to consumers. The US accounts for about 60% of India's home textile exports and 50% of carpet shipments, Crisil said.

The ready-made garments sector, which derives 10-15% of its revenue from exports to the US, risks losing its competitiveness against manufacturers in China and Vietnam, according to the agency's report. Agrochemical exporters, who earn 11-12% of their revenue from the US, face stiff Chinese competition in alternative markets, while the specialty chemicals sector (5% in US revenue) is still recovering from profitability pressures, Crisil added.

Capital goods manufacturers (15% in US revenue) can partially absorb costs but could see new orders hit due to competition from Mexico and others. Solar panel manufacturers earn 10-12% of their revenue from the US but growing domestic demand may soften the blow of the US tariffs, Crisil said.

Pharmaceuticals and smartphones, despite significant US trade, remain exempt from the tariffs for now, while tariffs on steel, aluminum, and some auto components are unchanged. The US's overall tariffs may lead to broader changes in US demand, with inflation concerns potentially lowering discretionary spending, Crisil said. Additionally, global trade realignments due to multiple tariff impositions could see competing countries redirecting exports to India, impacting local industries until markets rebalance, it added.

Source: livemint.com– Aug 12, 2025

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There is a 'liquidity paradox' at work

It is an oddity — despite consistent GDP growth, buoyant government capex, low interest rates, surging digital payments, and stronger balance sheets across banks and corporates, Indian companies' cash and bank balances have risen steadily since FY2020. There are two aspects to be understood.

First, MSMEs are facing a lack of credit access amidst this liquidity surplus in the banking system. Second, cash preference is high amid growing digital transactions.

According to SBI Research, the cash and bank balances of 3,041 non-financial, non-banking listed companies more than doubled from ₹6.4 lakh crore in March 2020 to ₹13.5 lakh crore by March 2025 (16 per cent CAGR). Meanwhile, the rapid adoption of digital payments, which increases money velocity, faster collections, payments, and reduces cash handling should, in principle, allow for leaner and more optimized liquidity positions.

MSME credit access

On the issue of MSME credit access, it is evident that a series of structural disruptions — from demonetisation and GST to the Covid-19 pandemic — shifted firms' liquidity behaviour and B2B payment discipline.

B2B credit discipline, already under strain, was further undermined by disruptions in the payment ecosystem — particularly affecting vulnerable MSMEs and small traders. Troubling shifts in payment behaviour — such as persistent delays, strategic withholding of dues, and selective repayment — have eroded trust, which is the primary foundation for the trade credit network.

Trade credit flows have grown increasingly skewed, as large corporates secure more supplier credit than they extend, using this extra credit for treasury gains. This asymmetry diverts liquidity away from MSMEs and small traders, weakening their cash flows, disrupting supply chains, and deepening credit stress despite ample systemic liquidity.

Corporates are getting cheap or free finance, at the expense of small businesses who need to fall back on expensive credit options. There is a flow of trade credit from MSMEs to corporates, rather than the other way around. So, many large corporates make significant use of trade credit from suppliers while keeping bank-funded working capital to a minimum. So, the Reserve Bank of India's (RBI) growth-oriented monetary easing is therefore yet to result in commensurate credit expansion.

A 38-year RBI analysis shows trade credit as the leading source of working capital across firms. While MSMEs' reliance on trade credit is normal, the heavy dependence of large corporates on supplier credit is unfair. This has driven a counter-intuitive build-up of liquidity in banks and corporates.

Insights from China offer important parallels, where post-Covid trade credit disruptions — characterized by liquidity hoarding, payment delays, and rising credit risk — exposed systemic fragility in SME financing.

In response, the Peoples Bank of China implemented targeted interventions such as rediscounting, re-lending, e-invoicing, use of digital platforms to facilitate SME receivable financing. These reduced payment delays and helped restore systemic resilience in supply chain financing.

Overall, heightened caution, delayed settlements, uncertainty in timely realisations of receivables, constrained supplier credit, and steep cash discounts — apart from the reverse flow of trade credit — is prompting businesses to hold larger cash and bank balances. This explains the preference for cash amidst digitised transactions.

Credit beyond banks

Trade credit has historically been the backbone of commerce — predating modern banking. It remains the most inclusive and extensive credit network for businesses. It plays a critical role in re-intermediating supplier credit, bank working capital, and firms' own funds to support business operations.

Even today, global data confirms that the value and volume of trade credit transactions surpass those of bank-funded working capital. Given this critical role and its deep interlinkages with financial stability, it is essential that systemic developments in trade credit are integrated into India's policymaking frameworks.

A GSTN-based framework — capturing invoice due dates and actual payment dates — can enable real-time monitoring and trigger automated consequences for delays, including market reputation, credit bureau reporting, and auto disclosures to banks, regulators, and stock exchanges.

By making late payments disadvantageous in terms of credit access, interest rates and business reputation, this transparency would deter payment delays. It will help bridge the gap between surplus systemic liquidity and MSME credit shortages.

Source: thehindubusinessline.com– Aug 11, 2025

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Govt draws up 50-country export plan to offset Trump tariff hit

New Delhi: The commerce ministry has shortlisted 50 countries as priority markets for diversifying exports to cushion the impact of steep US tariffs on Indian goods, two senior government officials said.

These nations, spread across the Middle East, Africa, Latin America, Europe, and other key regions, together account for nearly 90% of India's outbound shipments.

The plan focuses on redirecting goods affected by the tariff escalation — including textiles, seafood, engineering goods, gems and jewellery, petroleum products and chemicals—to alternative buyers through targeted trade promotion and market access initiatives.

Meetings are taking place in the commerce ministry to draw up alternative plans for routing the affected products to potential markets.

Officials from various ministries and industry bodies have been brainstorming to identify product-specific opportunities and push for faster trade facilitation with these destinations, said the first among the two mentioned above.

The goal is to calibrate export plans without impacting labour-intensive sectors such as textiles, gems and jewellery, leather goods, engineering goods, and agricultural and processed food exports, including shrimps.

The US remains India's largest single-country export destination, but the government's strategy aims to reduce that dependence and secure long-term resilience for exporters hit by the ongoing tariff dispute. In FY25, India exported goods worth $86.5 billion to the US, or about 20% of the country's total merchandise exports of $433.56 billion.

The move comes after US President Donald Trump announced a new 25% duty on Indian goods for its continued purchase of Russian oil, adding to an existing 25% tariff. The duties are set to take effect on 27 August, leaving a window for both sides to reach an agreement.

The tariffs threaten to disrupt trade flows between the two countries and sectors like textiles, engineering goods, marine products, gems and jewellery and leather are particularly vulnerable. They could see exports fall by as much as 40%.

In addition to seeking out new markets, the government is considering offering financial relief to exporters, said the second senior official. The government is also considering reintroducing the Interest Equalization Scheme (IES), which offers exporters a subsidy on interest rates to lower borrowing costs, and such initiatives would be funded by a new ₹20,000 crore export promotion mission.

For engineering goods, the government is focusing on expanding exports to new target markets such as Sao Tome, Macao, Georgia, Croatia, Guinea-Bissau, Belize, Azerbaijan, Myanmar, Lithuania, Norway, Somalia, and Greece. Currently, key export destinations for Indian engineering goods include the US, UAE, Saudi Arabia, Germany, and Italy. The Netherlands, South Korea, Belgium, Mexico, Japan, and Kuwait are also seen as promising markets.

For agricultural and processed food products, the focus will be on Nigeria, Switzerland, Lithuania, Slovenia, Mexico, Sweden, Portugal, Cameroon, Djibouti, Latvia, Egypt, Senegal, Canada, Argentina, and Brazil.

With tariffs in the US now at 50% for many garment products, Indian exporters are exploring alternative markets such as the UK, Australia, Canada, the Middle East, and emerging economies in Africa and Latin America to maintain shipments and offset expected order losses.

The sectors that are of concern are textiles (exports worth $10.91 billion), engineering goods ($19.16 billion), agriculture ($2.53 billion), gems and jewellery ($9.94 billion), leather ($948.47 million), marine products ($2.68 billion), and plastics ($1.92 billion).

Source: livemint.com– Aug 12, 2025

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India's trade dilemma: Shield farmers, textiles or risk US cotton tariffs

With two weeks to avoid US President Donald Trump's punitive 50 per cent tariffs, Prime Minister Narendra Modi has drawn a red line. India, he says, "will never compromise on the interests of its farmers, livestock producers, and fisherfolk."

That commitment is partly dictated by realpolitik. Nearly half of India's workforce relies on agriculture, a degree of dependence that has increased since the pandemic. It is very hard for a leader to make any concession that appears to let down the very people who have, starting in the 1960s, made the world's most-populous nation self-sufficient in food and dairy — in the face of tremendous constraints.

But paeans to the farmer do nothing to alter the harsh economic reality. Even if New Delhi says that a trade war with the US is the price it would pay for shielding growers from a deluge of American corn, soy, and cotton, it isn't clear that local farmers will be grateful for the protection. For the most vulnerable among them won't benefit from it.

Already, international apparel buyers are canceling or suspending orders, thanks to Trump's 50 per cent tariff threat. How would India deliver decent returns to farmers on their cotton crop if demand swoons in its biggest overseas market for shirts, trousers and T-shirts? Modi wants his fellow citizens to buy things made with the "sweat of our people."

But with a belligerent Washington threatening to upend a vast swathe of local factory jobs, there will be less money at home to buy domestically produced goods. Tamil Nadu's garment-exports hub in southern India alone is responsible for 1.25 million paychecks.

Losing access to the US consumer may hurt India's farm economy more than slashing its 39 per cent average tariff on imported produce. In fact, Pakistan may have played Trump better. It has a significant cotton-growing population as well. But last year it became the world's largest buyer of US cotton, which it imports duty-free. It might take in more now to appease the White House.

India’s textile industry, too, has asked the government to let go of the 11 per cent duty on short-staple fiber if it helps sell more of locally manufactured garments at Walmart and Target. After all, this tariff isn’t really helping the farmer. Domestic cotton production is languishing at a 15-year low even though 44 per cent of the output hitting the market is being scooped up by a state agency at government-assured minimum prices.

The crop in neighboring Pakistan has fared even worse. But at least with a competitive 19 per cent tariff, the apparel industry there can hope to expand its market share in the US. Indian exporters, meanwhile, are staring at a much higher tax — after paying nearly 13 per cent more for the main raw material than the prevailing international price.

Cotton is just one example. Domestic prices of most agricultural produce are higher than internationally. While lavish farm subsidies in rich nations make their surpluses globally competitive, New Delhi’s elaborate apparatus of state intervention largely channels the difference between local and international prices toward middlemen.

Crop yields are abysmal, and climate change is making farm incomes increasingly erratic even behind high trade barriers. The poultry industry is struggling with feed costs, yet tariffs of 45 per cent-56.5 per cent make US soy meal too expensive. If India allows its farmers to grow genetically modified food, they may be able to hold their own against American corn and soybean.

At $32 billion, agricultural imports are low for a country of 1.4 billion people; and even this figure is padded by palm oil brought in from Indonesia and Malaysia. The US accounts for less than $2 billion of the total. Why not switch sourcing to US soybean oil and make it duty-free to give Trump a win?

More broadly, why not exploit Trump’s tariff shock to rewire unproductive agriculture and lift stagnant manufacturing? India has 126 million people answering to the description of farmers even though their landholding is less than five acres. As a 2023 survey of marginal producers showed, their 60,000 rupees ($700) average annual income from selling crops is often less than what they earn from a second occupation as daily-wage labor. They’re stuck on the land because of food security — and because the urban economy has nothing for them.

Just about one in 10 families has someone in a salaried job, and only a third of these farmers take advantage of state procurement at pre-announced prices. Others sell to private traders. The most popular government support program for this group is straight-up cash in bank accounts; it would stop if they were no longer holding on to the land.

Yet the taxpayer is picking up the bills for keeping the land cultivated when imports would be cheaper; and for shielding urban workers from the high costs of locally grown produce. Lest expensive food crush the country's dream of industrialization, the government gives free rice and wheat to 800 million people so that their employers don't have to pay them high wages. Throw everything into the mix, and the annual cost was in excess of $100 billion during the pandemic. If the tariff-related disruption turns out to be worse than Covid-19, as some exporters fear, then the fiscal drag might only become heavier.

Four years ago, Modi was forced to withdraw legislation whose basic premise was to give farmers more freedom to discover free-market prices. If that was a poorly designed makeover, striking a defiant note against a mercurial US president in the name of agricultural interests is also ill-conceived. But with the prime minister's political opponents stepping up their campaign against his 11-year-old rule, it's irrational to expect meaningful reforms. Politics will triumph over economics.

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

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India wants pointed action from ASEAN to improve free trade pact utilisation in last leg of review

Amidst growing uncertainty over trade with the US, India is looking at extracting last-mile concessions from the ten-member ASEAN countries for products in sectors such as agriculture, pharmaceuticals and automobiles, where there is considerable under utilisation of the bilateral free trade agreement currently under review, sources have said. Both sides are hoping to wrap up the review process in October this year before the ASEAN summit.

The Commerce Department has put together a study analysing utilisation of the pact, formally called the ASEAN-India Trade in Goods Agreement (AITIGA), with a focus on countries including Indonesia, Vietnam, Thailand and Cambodia.

“The study identified items, such as agricultural products, vehicles and pharmaceuticals, where utilisation by Indian exporters of the preferential tariff route offered under the pact is low despite considerable exports to the ASEAN bloc. It was shared with the industry for inputs so that more pointed demands could be made to the ASEAN in the final rounds of review before its targetted conclusion by the year-end,” the source said.
Rising trade deficit

India’s trade deficit with the ASEAN ballooned to $45.2 billion in FY 25 from $8 billion in 2010 when the AITIGA was implemented. Poor utilisation of the FTA by Indian exporters, at 30-40 per cent or less, is seen as one of the main reasons for the deficit. The reasons for low utilisation include non-tariff barriers and stringent ROO (origin rules determining if a product qualifies for concessions) . “A review of the trade pact was initiated in 2023 on India’s insistence but so far it has not yielded favourable results,” the source said.

The study points out that in case of Thailand, vegetable oils and fat is a major export for India, but there is minimal utilisation of the trade pact for it. The same holds true for medicaments under the `others’ category. “It is important to note that the duty differential between the MFN rate (normal rate for all countries) and the preferential rate (lower rate for FTA partner) stands at 5 per cent,” the report noted.

In the case of Cambodia, 15 out of 20 commodities analysed have recorded a 0 per cent utilisation level despite the duty differential of 2-15 per cent. Although automobiles (HSN 87032191) is one of the top exports from India to Cambodia, utilisation of the preferential route for it remains low. "...utilisation remained at only 18.50 per cent in 2023, despite the substantial duty differential, where the MFN rate stands at 35 per cent compared to the AITIGA rate of 5 per cent," the report noted..

In Vietnam and Indonesia, seven and 12 commodities have been identified, respectively, with high potential. One commodity, in the case of Vietnam, and four commodities in Indonesia, accounted for less than 10 per cent of total exports relative to their total imports, indicating potential scope for export expansion, the report noted.

Source: thehindubusinessline.com– Aug 10, 2025

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Small exporters are most at risk from Trump's tariffs. India weighs relief

US tariffs will hit labour-intensive, MSME-driven sectors the hardest, with rates as high as 50% on textiles, marine goods, gems and jewellery, and chemicals, say experts. That could put millions of jobs at risk in the apparel, footwear, and seafood sectors.

New Delhi: The government is weighing short-term measures, including interest relief and bridge loans, to small exporters as US tariffs increase costs, eroding their competitiveness, said two people aware of the matter. Public sector banks with significant exposure to export credit have been asked to identify steps that can be implemented quickly to prevent margin erosion and losses for micro, small, and medium-sized enterprise (MSME) exporters, the people said on the condition of anonymity.

“It is being examined whether the government can work with banks to offer exporters discounts on interest payments through interest-rate realignments or waive processing fees," the first person said. “Banks may also consider bridge loans by extending repayment tenures for exporters with strong credit profiles, and bridge financing could be extended to firms with a proven track record."

The urgency follows US President Donald Trump’s decision to impose an additional 25% penalty tariff on Indian imports over New Delhi’s continued purchases of Russian oil and arms, taking the total duty on most goods to 50%. Unless a breakthrough is reached during the ongoing 21-day negotiation window, the new duties will take effect on 27 August.

Meanwhile, lenders with a strong overseas presence could also help exporters find new buyers and enter alternative markets, the second person quoted earlier said, requesting anonymity. “The government is in discussions with industry representatives and banks to identify possible interventions."

“Exporters have also been encouraged to flag other support measures," the person added. A finance ministry spokesperson did not respond to emailed queries. Moody’s has warned that the tariffs could undermine India’s manufacturing ambitions in high-value sectors such as electronics, potentially reversing recent investment gains.

In a report last week, the rating agency said India faces a difficult choice: continue sourcing cheaper Russian oil and risk losing competitiveness in its largest export market, or curb purchases to avoid tariffs, potentially driving up oil prices, accelerating inflation, and widening the current account deficit.

Experts said the steep U.S. tariffs will hit labour-intensive, MSME-driven sectors the hardest, with rates as high as 50% on textiles, marine goods, gems and jewellery, and chemicals. This could make Indian exports less competitive globally, enabling Vietnam and Bangladesh to gain at India's expense, and putting millions of jobs at risk in the apparel, footwear, and seafood sectors.

Export orders are already being paused or cancelled due to higher landed costs. "In the short run, it is necessary to provide relief to the exporters. I believe that within 2-3 years, the exporters will find alternate global markets or will create a domestic market," said Ramendra Verma, Partner, Grant Thornton Bharat.

With the US market becoming uncompetitive, Verma said, MSMEs will need to redesign products, develop new supply chains, and expand distribution. "This will require access to capital and innovative financing to suit the change in the business scenario. Banks are also exploring collateral-free lending and customised credit scoring models for MSMEs." Alternative markets to the US could include Europe, ASEAN, Africa, and the Middle East.

"Banks can play a major role in supporting MSMEs by offering interest-free or low-interest loans, loans without collateral, and letters of credit or bank guarantees at lower rates. Since limited access to finance is one of the biggest hurdles for MSMEs, such measures can significantly strengthen their ability to compete and grow," said Vimal Pruthi, partner, International Trade, EY India.

"MSMEs should work with the government to find and grow sales in other countries," he said. "The 'Source from India' platform, which was expanded in June 2025, helps MSMEs reach global buyers by creating online pages to showcase their products and certifications."

Source: livemint.com– Aug 12, 2025

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India should review existing trade agreements: Former diplomat

Jawed Ashraf, former Ambassador of India to France and High Commissioner to Singapore, has called for a review of India's existing free trade agreements (FTAs) with countries such as Korea, Japan, ASEAN, South Africa and Singapore. He also favours bilateral trade agreements over regional arrangements, saying they are easier to manage.

Speaking to businessline on the sidelines of the India Connect Singapore Edition, Ashraf said these existing FTAs should be reassessed in light of India's more "ambitious" trade pacts with the UK, EU, UAE and Australia. "Then we have to see what we can do with China," he added.

He emphasised that to fully benefit from the UK and EU FTAs, India must develop strong backward linkages with China and ASEAN countries.

On India's decision not to join the Regional Comprehensive Economic Partnership (RCEP), Ashraf clarified that the move was due to two unresolved concerns. First, stronger 'rules of origin' to prevent indirect Chinese imports through other countries, and second, a 'circuit breaker' mechanism to respond to sudden import surges without needing to prove injury.

Regarding trade with China, he advocated a gradual approach. Citing the upcoming meeting between Prime Minister Modi and President Xi as a "positive direction," he noted that India has resumed issuing visas to Chinese tourists. "Next will be improved business linkages, maybe slight liberalisation in trade relations," he said, stressing the need to boost India's role in the global value chain.

Ashraf highlighted that China accounts for 35 per cent of global manufactured output—more than a third, and just under the combined share of the next ten countries. "If you want to be part of the global value chain, you will have to find ways to develop value chain relations with China," he said.

On US trade policy, Ashraf remarked that America's inward turn began under President Obama after the 2008 global financial crisis and continued under President Trump. President Biden, he noted, "didn't try to undo anything; in fact, he came up with his own massive subsidy schemes through the Chips Act and the Inflation Reduction Act."

"We will have to live with this kind of US," Ashraf concluded. "In future, things will settle at a certain equilibrium; people will have to reduce their strategic vulnerability to the US."

Source: thehindubusinessline.com– Aug 10, 2025

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Tamil Nadu's textile exporters to US choose 'wait and watch' mode; some pause production

A number of garment manufacturers in Tamil Nadu's Tiruppur, who export to the United States, have halted production and several others are evaluating their options, industry representatives said on Saturday.

Execution of orders has also been put on hold as per the American buyers' decision, they said.

With the US hitting India with a 50 per cent tariff, they said textile and garment exporters to America are keeping their fingers crossed and are under a 'wait and watch' mode.

Following India's Free Trade Agreement with the United Kingdom, export-centric firms in Tiruppur, popularly known as a "knitwear hub" in the country, are pinning hopes on the market there.

Industry officials said garment exports to the American market, in a year, constituted roughly ₹12,000 crore, which is 30 per cent of the total ₹45,000 crore annual exports from the Tiruppur and nearby regions.

However, there is an apprehension now that at least 50 per cent of such export business to the United States market may be impacted due to the new tariffs, they said.

Tiruppur Exporters' Association President K M Subramanian told PTI: "Total exports made (from Tiruppur region) is about ₹45,000 crore of which 30 per cent (₹12,000 crore) is to the US market. We expect 50 per cent business, which is about ₹6,000 crore to be impacted." Members of the TEA said that as an immediate measure, some garment manufacturers, who export to the US market, have halted production at their facilities.

Some are still evaluating other options to tide over the situation.

Subramanian said: "Right now, they (manufacturers who export to the US) have halted production. It will be severely impacting us (the trade). We are adopting a wait and watch strategy for the next two weeks." Asked on orders that had already been received, he said, "it has been put on hold as per the buyers' decision. We are just holding the stock..." Further, the TEA top official said:

"Exporters making standalone shipments to the United States will be facing severe hardship due to imposition of tariff." On the immediate plans for the industry vis-a-vis US tariffs, he said, "We will wait for the next couple of weeks. After that we will convey our position to the Central and State governments." Answering a question, he said the industry has a good opportunity to export to the United Kingdom following the signing of the FTA. "There is a good chance for us to explore that market also," he said.

Another industry veteran said the expected loss of ₹6,000 crore worth US market business could be offset by shifting exports to other countries.

"We expect that a shift to other countries may happen (in future)," the official who did not want to be named said.

The industry would make a representation to both Central and State governments in view of the tariff's impact on the industry.

"We will definitely go and meet both the Central and State governments," he added.

On August 6, the United States announced an additional 25 per cent tariff on all Indian imports, on top of an existing 25 per cent duty, taking the total duty to 50 per cent effective August 27.
The White House said the measure was in response to India's continued purchase of Russian oil.

Sectors like textiles, chemicals, dairy, leather and footwear are expected to be affected by US duties.

Source: thehindubusinessline.com– Aug 09, 2025

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Centre may roll out ₹2,250 crore export promotion mission soon: Official

The government is expected to soon announce support measures under the proposed ₹2,250 crore export promotion mission to help insulate industry from global trade uncertainties arising from Trump tariffs, an official said.

"We are in dialogue with exporters to see how we can support them best in different ways, like ease of doing business. We are looking at how to give a boost to domestic consumption. We are looking at new supply chains, which we can capture, new markets, and new products," the official said.

The mission may include components, such as easy credit schemes for MSME and e-commerce exporters, facilitation of overseas warehousing, and global branding initiatives to tap emerging export opportunities.

The government on February 1 announced the setting up of the mission with an outlay of ₹2,250 crore.

The Directorate General of Foreign Trade (DGFT) has already made a presentation on the mission to the representatives of export promotion councils and other key stakeholders on April 30.

According to industry officials, the mission is divided into two broad categories - Providing Trade Finance Support (NIRYAT PROTSAHAN) and Driving International Holistic Market Access (NIRYAT DISHA) Initiative.

Sources have earlier stated that the GST Council is likely to meet soon to discuss rate simplification and rationalisation, and the future of the compensation cess. It will help boost domestic consumption.

The commerce ministry, in the past few days, held a series of stakeholder meetings to understand the challenges which they are facing due to high US tariffs on Indian goods. US President Donald Trump has announced 50 per cent tariffs on India.

Sectors like textiles, chemicals, leather and footwear are expected to be hit hard by these duties.

India's exports remained flat at $35.14 billion in June due to global economic uncertainties, while the trade deficit narrowed to a four-month low of $18.78 billion during the month.

Key export sectors, including petroleum, fabrics, gems and jewellery, leather, iron ore, oil seeds, cashew, spices, tobacco, and coffee, recorded negative growth during June.

During April-June 2025-26, exports increased 1.92 per cent to $112.17 billion, while imports rose 4.24 per cent to $179.44 billion.

Source: thehindubusinessline.com– Aug 09, 2025

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India, Oman free trade agreement likely to be announced soon: Official

The conclusion and signing of the proposed free trade agreement between India and Oman is expected to be announced soon, an official has said.

The trade pact text is being translated into Arabic in Oman. After that, the cabinets of both countries will approve the agreement, according to the official.

"Both countries have, in principle, decided to announce the conclusion and signing together," the official added.

When asked if it would take two to three months, the official said: "Much less" than that.

The talks for the agreement, officially termed the Comprehensive Economic Partnership Agreement (CEPA), formally began in November 2023.

In such agreements, two trading partners either significantly reduce or eliminate customs duties on a maximum number of goods traded between them.

They also ease norms to promote trade in services and attract investments.

Oman is the third-largest export destination among the Gulf Cooperation Council (GCC) countries for India. India already has a similar agreement with another GCC member, the UAE, which came into effect in May 2022.

The bilateral trade was over $10 billion (exports $4.06 billion and imports $6.55 billion) in 2024-25.

India's key imports are petroleum products and urea. These account for over 70 per cent of imports. Other major products are propylene and ethylene polymers, pet coke, gypsum, chemicals, and iron and steel.

Source: thehindubusinessline.com– Aug 09, 2025

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New tariff on 'transshipped' goods mystifies importers

As President Donald Trump's worldwide tariffs go into effect, one important element remains fuzzy: How will the government treat goods and materials that pass through more than one country before arriving in the United States?

The latest batch of duties includes a rate for each country. But there is also a provision for goods that are "transshipped" from one country through another for the purpose of receiving a lower tariff. They face an extra charge of 40%, in an effort to prevent Chinese goods from being moved -- or, in the eyes of administration officials and other critics, laundered -- through countries subject to lower tariffs.

Here's the confusing part. It is already illegal to pass something off as originating in, say, Vietnam when it was made in China. So why would a tariff apply to something that's not supposed to happen in the first place?

"Importers are scratching their heads," said Stephen Lamar, the executive director of the American Apparel and Footwear Association. "The new rules that appear to legalize, but tax, currently prohibited transshipment activities fly in the face of common-sense enforcement."

Some supply chain professionals are wondering whether the Trump administration actually means to accomplish something quite different: taxing all materials that originate in China at a higher rate, even if they are part of a product assembled in another country before being exported to the United States. That would have big implications for the configuration of supply chains and, ultimately, costs for consumers.

A spokesperson for the White House confirmed that on top of the 40% penalty on goods it determines were transshipped, it is "exploring" new rules to apply higher tariffs on components that come from one country, are incorporated into a product in another and then shipped to the United States.

"The administration has zero tolerance for transshipment and other methods of undermining our tariffs, and we are working closely with our trading partners to proactively address these concerns," said the spokesperson, Kush Desai.

In the meantime, trade lawyers and supply chain professionals are flying blind. Many have sought clarification from the Office of the U.S. Trade Representative and received no satisfactory answers, they said.

"The big problem we're all having is there's no definition of what's happening," said Marc Busch, a professor of international business diplomacy at Georgetown University's School of Foreign Service. "We don't know how this can be vetted. We don't know whether these requirements look like what we have been used to seeing in real, bona fide trade deals."

The practice of transshipping, as it is generally understood, became more common during the first Trump administration, when the president singled out China for higher tariffs. It can be hard for Customs and Border Protection officials to spot goods that have been moved through other countries to hide the true origin, but when they found such shipments, the goods would be subject to penalties.

Charging different tariffs for components or parts in a finished product is more complex. Trade agreements often account for materials that come from outside the signatory countries. The U.S.-Mexico-Canada Agreement, for example, has "rules of origin" that define how much of a product must come from North America to cross the borders tariff-free.

Those kinds of precise rules typically require years of negotiation and extensive compliance programs so that companies understand where components come from and can prove it. Many companies don't know enough about which countries provide the raw materials and parts in their products because they haven't always needed to.

"These things always end up being good enough for the purposes," said Simon Ellis, who leads supply chain strategies at the consultancy IDC. "If, with tariffs, all of a sudden now there is a clear cost pressure to have better information, companies will improve their tools."

That cost pressure may arrive quickly. An executive order signed by Trump says customs officials may not allow for "mitigation or remission" of the tariffs on transshipped goods; in other words, they should not be lenient. The Department of Justice has also created a fraud unit to pursue tariff evasion with criminal penalties.

If the Trump administration does end up charging higher tariffs for components from China or other countries, it could take years for manufacturers to find alternative sources. Countries in Southeast Asia have become proficient at assembling products made from fabrics, wiring, wafers, chemicals, and other parts and materials from China. Setting up new factories is a significant undertaking. For now, many companies are hoping to manage through it.

"I think people are not going to chase their tail, because everything can change with a post," said Mark Burstein, senior vice president at Inspectorio, a supply chain management platform, referring to Trump's habit of issuing policy directives on social media. Instead, Burstein said, his clients are placing smaller orders more frequently so they can absorb tariffs in smaller chunks, rather than making big payments to the U.S. government in one go. Importers are also looking for less expensive materials so they can deliver a similar product without raising prices too much.

Another strategy is pushing liability as far down the supply chain as possible. Brands that ultimately sell products in the United States could require vendors to sign contracts that assume responsibility for any extra costs.

"You would want legal speak in there that says something to the effect of 'If you transship, you're liable for the 40% tariff,'" said Jonathan Eaton, who advises companies on supply chains at Grant Thornton, an accounting and consulting firm. As the Trump administration figures out what it wants to do about materials and parts from third countries, Sally Peng, a senior managing director at FTI Consulting in Hong Kong, hopes it does so carefully.

She works with many apparel manufacturers that currently know very little about what they will have to pay for the materials they buy from China. There's little point in making big changes until they know for sure how the U.S. government will define transshipments.

"I have people tell me that 'until the rule is clear, I'm going to stay in China,'" Peng said. "That's not what is intended, I'm sure."

Source: economictimes.com– Aug 09, 2025

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