

IBTEX No. 103 of 2025

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Currency Watch			
USD	EUR	GBP	JPY
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INTERNATIONAL NEWS

UK business optimism rises in July on manufacturing rebound

UK's optimism index rose to 91.96 in July, up from 91.58 in June, following nine consecutive months of subdued business sentiment since the Autumn Budget, according to BDO. This was driven by a strong rebound in manufacturing optimism, which rose sharply from 93.74 to 96.5.

Recent trade agreements could be a driver of this uptick for manufacturing optimism. However, headwinds including weak GDP growth, high labour and energy costs and ongoing uncertainty surrounding future global trade policy continue to weigh on confidence, BDO said in its latest monthly Business Trends report.

BDO's output index also edged down to 97.79 in July from 98.05 in June, signalling sustained yet muted growth below historic levels. Although new trade deals are showing promise, this has yet to unlock meaningful investments for businesses. Margin pressures remain acute, and companies are still holding back amid uncertainty.

Against this backdrop, the BDO Employment Index fell to 94.11 in July, matching its lowest reading since October 2012. This near 13-year low reflects a marked cooling in the labour market, with declining payrolled employee numbers and falling vacancy rates contributing to subdued hiring sentiment.

While there are survey-based signs of modest improvement in near-term recruitment plans for manufacturers, the structural pressures remain acute across all sectors. Higher employer National Insurance Contributions and April's rise in the National Living Wage have tightened labour budgets, and businesses are preparing for further cost exposure ahead of the Autumn Statement, BDO said in a press release.

With economic analysis behind the Business Trends report forecasting an unemployment rate peak at 4.9 per cent later this year, there is limited scope for a meaningful recovery in employment conditions. BDO expects the employment index to remain at historically low levels for the rest of 2025.

“There are signs of recovery, but they are fragile. Manufacturers may be breathing a little easier in the wake of trade deals, but their output is yet to catch up,” said Scott Knight, head of growth at BDO. “Business leaders are stuck in limbo, waiting for clearer signals from the government that further investment will be worth the gamble.”

Source: fibre2fashion.com– Aug 18, 2025

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China's textile & garment exports rise to \$170.7 bn in Jan-Jul 2025

China's cumulative exports of textiles, garments, and accessories totalled \$170.740 billion during January–July 2025, reflecting a slight increase of 0.62 per cent compared to \$169.678 billion in the same period of 2024, according to data from the General Administration of Customs. China's garment and textile export performance remained subdued in 2025 due to slow shipments to the US.

Exports of textile products, including yarn and fabric, rose by 1.6 per cent year on year (YoY) to \$82.121 billion, up from \$80.830 billion in January–July 2024. However, exports of garments and accessories totalled \$88.619 billion, marking a slight decline of 0.3 per cent compared to \$88.848 billion in the same period of 2024.

In July 2025 alone, China's exports of textile yarn, fabrics, and related articles stood at \$11.604 billion, while garment exports were valued at \$15.161 billion, bringing the total export value for the month to \$26.765 billion.

On the import side, China experienced a 13.2 per cent decline in textile yarn and fabric imports, which fell to \$5.581 billion in January–July 2025, down from \$6.432 billion in the same period of 2024. Imports stood at \$829.3 million in July 2025.

China's total exports of textiles, garments, and accessories in 2024 were recorded at \$301.101 billion, including textile shipments worth \$141.959 billion and garment exports of \$159.142 billion. Combined textile and garment exports rose by 2.7 per cent compared to 2023. Meanwhile, imports of textile yarn and fabric fell by 7.8 per cent to \$10.829 billion in 2024.

In 2023, China's total exports of textiles, garments, and accessories declined by 8.05 per cent to \$293.641 billion, down from \$319.376 billion in 2022.

Source: fibre2fashion.com– Aug 09, 2025

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UK's clothing imports rise 2.9% to \$1.75 bn in June 2025

The UK's clothing imports increased by 2.94 per cent to £1.295 billion (~\$1.758 billion) in July 2025, up from £1.258 billion in June 2024. However, imports fell by 9.69 per cent compared to May 2025, when they stood at £1.434 billion. Imports of textile fibres also rose year-on-year (YoY), while fabric imports declined, according to the UK's Office for National Statistics (ONS).

In June 2025, textile fabric imports decreased by 6.91 per cent to £444 million from £477 million in June 2024. Fibre imports, however, increased to £34 million from £32 million a year earlier. In May 2025, textile fabric imports were recorded at £500 million, while fibre imports stood at £28 million. Fabric imports declined month-on-month, whereas fibre imports gained.

In the second quarter of 2025, the UK's clothing imports totalled £4.056 billion (~\$5.508 billion), marking a 2.34 per cent increase from £3.963 billion in the second quarter of 2024. This was, however, a slight decline from the £4.075 billion recorded in the first quarter of 2025. Fabric imports during Q2 2025 were valued at £1.389 billion, while textile fibre imports reached £97 million. In the same quarter of 2024, fabric imports were £1.418 billion, and fibre imports stood at £108 million. During Q1 2025, the UK imported fabric worth £1.400 billion and fibre worth £88 million.

For the full year 2024, the UK's clothing imports fell by 7.06 per cent to £14.612 billion (~\$18.394 billion) compared to the previous year. Textile fabric imports dropped by 4.35 per cent to £5.341 billion, while fibre imports declined to £378 million.

In 2023, the UK's clothing imports totalled £15.702 billion (~\$20.33 billion), representing a sharp 25.94 per cent fall from £21.203 billion in 2022. Fabric imports decreased to £5.547 billion from £6.357 billion, while fibre imports declined to £413 million from £562 million. For reference, in 2021, the UK imported £17.034 billion in clothing, £5.996 billion in fabric, and £458 million in fibre.

Source: fibre2fashion.com – Aug 17, 2025

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From sorting tables to spinning mills charting the afterlife of fabrics

At first glance, the infographic from Eco TLC (now Refashion) looks like something out of an engineer's fever dream, a maze of arrows, boxes, loops, and branching paths. "Have you understood anything? Me neither!" read a recent social media post alongside the diagram, echoing the bafflement of many first-time viewers. Yet behind this visual labyrinth lies a powerful truth: the textile recycling ecosystem especially for specialized, "technical" fabrics is complex, often inefficient, and urgently in need of a circular overhaul.

The evolution of the refashion map

The diagram in question, developed by Eco TLC before its transformation into Refashion, France's official eco-organization for managing the end-of-life of textiles, linens, and footwear, is far more than a jumble of lines. It is, in fact, a meticulous map of textile afterlives, reflecting years of research, stakeholder collaboration, and data gathering. Its complexity mirrors reality. From humble cotton shirts to fireproof industrial uniforms, each textile follows its own journey once discarded. And that journey is rarely straightforward.

Zone 1, sorting for a second life

The infographic's first 'zone' is all about preparation the moment when collected textiles are given a fighting chance at survival.

Sorting and categorization is the first stop where materials are separated by fiber type, blend, and condition. This isn't busywork; accurate sorting dictates whether a textile can be reused, mechanically recycled, or must face more energy-intensive processes.

Reuse channels offer the greenest path garments in good condition become second-hand clothes, industrial wiping rags ('hiffons d'essuyage professionnels'), or creatively upcycled goods ('assemblages de coupons'). For items that can't be worn again, there's fibre preparation or shredding (effilochage) or defiberizing (défibrage) them to recover usable fibers for the next stage.

Zone 2, transformation into new materials

Once prepared, textiles enter the second zone that is transformation. Here, technology takes over.

Mechanical recycling: Processes like carding (cardage) and spinning (filature) turn old fibers into new yarns for clothing, geotextiles, or insulation.

Chemical recycling: Depolymerization and enzymatic dissolution can break synthetic fabrics back into their molecular building blocks, producing virgin-quality fibers, which is a lifeline for polyester-heavy waste streams.

Composite & industrial uses: Recycled fibers can be pressed, molded, or granulated into everything from building insulation to automotive interiors. In some cases, textile waste is even used as solid recovered fuel, a less sustainable last resort.

The circular loops at the diagram's heart show the gold standard that is textile-to-textile recycling, where fabrics are reborn indefinitely without depleting virgin resources.

When the fabric fights back, the PPE problem

The system already strains under the complexity of conventional garments. Add technical textiles like PPE (Personal Protective Equipment) fire-resistant jackets, waterproof workwear, multi-layered safety gear and things get far harder. These materials, engineered to be nearly indestructible, stubbornly resist breakdown. As a result, almost 90 per cent of PPE ends up incinerated or landfilled despite its durability. The very qualities that make them life-saving in the workplace make them a nightmare for recyclers.

Beyond infrastructure a culture shift

The Refashion diagram's accompanying text asks a deceptively simple question: "What if we thought before throwing it away?" This reframes the conversation. Recycling isn't only about high-tech facilities; it's also about frontline responsibility from individuals to corporations. Practical steps include:

- Inventory your waste which means know what's being discarded.
- Think internal reuse that is could a uniform too worn for public use, be repurposed for in-house tasks?
- Repair first as it extends an item's life before replacing it.
- Transform creatively this involves upcycling materials into different products, even for unrelated uses.

Thus the textile economy today largely follows a take-make-dispose path. The Refashion diagram however intimidating at first is a visual blueprint for change. Moving toward a viable circular model means designing for end-of-life from the start, creating infrastructure for hard-to-recycle materials, and embedding repair, reuse, and upcycling into corporate and consumer habits.

The map may look chaotic, but its message is crystal clear: every arrow represents a choice, every loop a chance to keep fibers alive. In the textile world's complex web, the challenge isn't just to untangle the threads — it's to keep them spinning forever.

Source: fashionatingworld.com– Aug 14, 2025

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Shein's UK Sales Jump By Nearly One-Third

Shein may have appeared to have given up on its British IPO ambitions, but the Chinese-founded e-tail Goliath's third-largest market after the United States and Germany is still booming, according to a filing on Friday.

In 2024, Shein's U.K. arm rustled up 2.05 billion pounds (\$2.78 billion) in sales, a year-over-year increase of 32.3 percent. Shein Distribution UK Ltd. also reported a pre-tax profit of 38.25 million pounds (\$51.85 million), 56.6 percent more than in 2023. Its 2024 milestones include a pop-up shop in Liverpool, a pair of new offices in London and Manchester and a so-called "Christmas bus tour" that doled out complimentary manicures, photo opportunities and goodie bags across 12 U.K. cities, the Singapore-headquartered firm added.

But it's not all blue skies ahead, Shein said. "Higher inflation and increased cost of living may affect customer purchasing habits" aside, the company is also girding itself for potential import taxes following the U.K. government's review of the exemption for small parcels worth less than 135 pounds (\$183). The United States has already suspended a similar de minimis exception for China-hailing packages valued at less than \$800, raising the e-commerce giant's prices and eroding some of its customer demand as a result. Such duty-free loopholes, critics say, have given the likes of Shein an unfair competitive edge by allowing them to undercut mainstream retailers like H&M and Zara with \$10 dresses and \$12 shoes.

It was only last June that the London Stock Exchange was abuzz with a potential Shein listing after attempts in New York were thwarted by congressional concerns over the risk of Uyghur forced labor in the company's predominantly Chinese supply chain.

The same criticisms dogged Shein even as it appeared to inch closer to the finish line. An especially disastrous parliamentary hearing in January, during which a Shein representative was accused of "bordering on contempt" with her palpable inability to answer "very, very simple questions," such as whether Shein uses cotton from China, only buoyed claims from detractors that a listing would imply an endorsement of business growth at the expense of human rights.

The ultra-fast-fashion purveyor also continues to field blows from Western regulators over its commercial practices. A European Union investigation in May found Shein in violation of consumer protection rules barring behaviors such as fake discounts, pressure tactics and unsubstantiated sustainability claims. In July, France sanctioned the firm for deceptive sales tactics. And last week, Italy's competition authority slapped a 1 million-euro (\$1.17 million) fine for misleading customers about the environmental impact of its offerings.

Shein is now reportedly working on a flotation in Hong Kong, which offers fewer hurdles involving a company's risk disclosures and less pushback from Chinese regulators who provide the final greenlight for companies going public outside the mainland.

Source: sourcingjournal.com– Aug 15, 2025

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Cotton Highlights From August 2025 WASDE Report

USDA has released its August 2025 World Agricultural Supply and Demand Estimates (WASDE) report. Here's this month's summary of the U.S. domestic and global cotton balance sheets.

The 2025/26 U.S. cotton balance sheet for August reflects lower production, exports, and beginning and ending stocks, along with unchanged consumption and imports compared to last month.

Planted area is lowered 8% to 9.3 million acres based on the NASS August Crop Production report. Harvested area is reduced 15% to 7.4 million acres as dryness in the Southwest raises the expected national abandonment rate from 14% to 21%. The national average yield for 2025/26 is raised over 6% to 862 pounds per harvested acre as higher abandonment in the Southwest results in the harvest of fewer lower-yielding dryland acres.

The production forecast is reduced to 13.2 million bales, almost 1.4 million bales below the July forecast and 1.2 million bales lower than 2024/25. Exports are reduced 500,000 bales because of the smaller crop. Beginning stocks for 2025/26 are reduced 100,000 bales following a corresponding increase in exports for 2024/25. As a result of these revisions, ending stocks for 2025/26 are projected at 3.6 million bales, down 1 million from last month, for a stocks-to-use ratio of 26.3%.

With tighter domestic supplies, the projected season-average upland price for 2025/26 is raised this month to 64 cents per pound.

In the 2025/26 world cotton balance sheet, production, consumption, trade, and beginning and ending stocks are all lowered compared to last month. World production is forecast 1.8 million bales lower as a result of reductions for the United States, Sudan, Uzbekistan, and Mali that more than offset a larger crop in China.

The forecast for world consumption is reduced over 100,000 bales as lower mill use in India, Bangladesh, and Turkey more than offsets an increase for China. World trade is reduced 1.1 million bales with projected exports lowered for the United States, Sudan, Mali, and small changes elsewhere.

Beginning stocks for 2025/26 are reduced over 1.7 million bales, largely reflecting higher 2024/25 consumption in China and Brazil. With lower beginning stocks and production, ending stocks for 2025/26 are reduced by over 3.4 million bales.

Source: cottongrower.com– Aug 12, 2025

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Bangladesh garment sector eager to import MMF from US: BGMEA

The Bangladesh Garment Manufacturers and Exporters Association (BGMEA) recently sought clarification from the US government on the formula for calculating US raw-material usage, and expressed interest in importing man-made fibres (MMF) from the United States.

While meeting a delegation from the US Embassy in Dhaka, the trade body requested mechanisms to ensure transparency and traceability throughout the supply chain to qualify for the recently-announced duty waiver on use of American raw materials.

The scope of setting up a warehouse near Chattogram Port to expedite cotton imports from the United States was discussed at the meeting between the delegation and BGMEA president Mahmud Hasan Khan.

The meeting discussed a recent US executive order that allows garments exported from Bangladesh to be proportionately exempt from a newly imposed additional 20-per cent duty, provided that at least 20 per cent of the raw materials used in these garments are sourced from the United States, domestic media outlets reported.

Khan said that the Bangladesh apparel industry is quite interested in utilising this facility.

The meeting also discussed potential collaboration between BGMEA and the US Cotton Council.

The US delegation reiterated the importance of aligning Bangladesh's labour laws with international standards—an expectation shared by the International Labour Organisation, the European Union and other development partners.

Source: fibre2fashion.com— Aug 17, 2025

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NATIONAL NEWS

Exports rise 7.29% to \$37.24 bn in July; trade deficit at \$27.35 bn

Snapping the two-month declining streak, India's exports rebounded by 7.29 per cent to \$37.24 billion in July, while trade deficit widened to an eight-month high of \$27.35 billion during the month.

Official data released on Thursday also showed that imports increased by 8.6 per cent year-on-year to \$64.59 billion in July 2025.

Trade deficit widened to \$27.35 billion in July, the highest since November last year when the trade gap was \$31.77 billion.

During April-July 2025-26, exports increased by 3.07 per cent to \$149.2 billion, while imports rose 5.36 per cent to \$244.01 billion.

The trade deficit during the first four months of 2025-26 was \$94.81 billion.

Briefing media on the data, Commerce Secretary Sunil Barthwal said that despite global economic uncertainties, India's goods and services exports are doing well.

Exports have grown substantially, much higher than the global exports growth, he said.

The main sectors that pushed the growth include engineering, electronics, gems and jewellery, pharma and chemicals.

Source: business-standard.com– Aug 14, 2025

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Why India remains an important piece in the textile puzzle

India is an important puzzle in the global textile scenario, going beyond tariffs in shaping sourcing decisions. Despite the US imposing a steep 50 per cent duty on Indian exports, textile players argue India's role in the global value chain extends far beyond tariff math.

A. Vijay Anand, CEO of Knit Gallery, pointed out that India's raw material base gives it a distinct edge. "India is the second-largest producer of cotton after China, which provides a major advantage compared to competitors like Bangladesh, Vietnam or Sri Lanka, he said.

Raw material edge

This raw material depth feeds into India's global position. The country contributes about 12–13 per cent of global textile export earnings, ranking third worldwide. "India holds nearly 11 per cent market share, shipping \$6.5 billion annually. While the US leads in volumes and Australia in premium long-staple cotton, India's strength lies in its cultivation base, competitive pricing and ability to supply a wide range of cotton types to markets such as Bangladesh, Vietnam and China," explained Sanjay Jain, Group CEO, PDS Limited.

Khiroda Jena, CFO, Bombay Dyeing, says for many premium and value-conscious buyers, these strengths outweigh just tariff benefits. For categories like premium cotton home textiles, India's capabilities are not easily substitutable. Tariffs may impact price-sensitive segments, but long-term sourcing relationships and India's strengths in sustainable, traceable production will keep it a preferred destination, he added.

On the trade policy front, Ankit Jaipuria, co-founder of ZYOD, clarified that tariff advantages for rivals are often overstated. "The US does not have free-trade agreements with Bangladesh or Vietnam. Vietnam only has a Trade and Investment Framework Agreement, which is a dialogue platform, not an FTA."

Jain acknowledged that tariff differentials over Bangladesh and Vietnam will influence buying patterns (Bangladesh and Vietnam could benefit from significantly lower tariff rates—around 20 per cent), however, these shifts are expected to be gradual.

Integration as moat

If cotton is India's foundation, integration is its moat. Few countries combine raw material, spinning, weaving, processing and garmenting at the scale India does. "India offers buyers cost efficiency, flexibility in order sizes and the ability to move from raw fibre to fully packaged apparel within the same ecosystem," Jain pointed out.

Anand added that most are in a bind. "It's very difficult to immediately switch to new suppliers in new countries. Initially, there were talks of overcoming the 25 per cent tariff by sharing costs or using LDP shipment modes, but with the full 50 per cent duty, much of the business has come to a standstill," he said.

Shiraz Askari, President of Apollo Fashion International Limited, noted that the challenges extend beyond textiles. "In leather, much like in textiles, the 50 per cent US tariff presents a severe short-term challenge, and some contraction in orders is likely as buyers explore alternate sourcing in FTA markets.

However, these shifts take time. Askari added that while FTAs with the UAE and Australia provide limited cushion, the UK agreement—though signed—may take up to nine months for parliamentary approval.

Jain of PDS added that while FTA's are strategic for India, they cannot replace the scale of the US, which accounts for about a third of the country's apparel exports. "India's deals with the UAE and Australia, and pending pacts with the UK and EU, create tariff-free channels into regions with strong growth potential. But the US will remain the centrepiece," he said.

Way forward

Geopolitics and evolving trade rules are reshaping global supply chain. Meanwhile, exporters are diversifying into the Middle East, East Africa and Latin America to spread risk. US retailers are moving cautiously, testing cost-sharing and product mix changes rather than making wholesale shifts. Even with nearshoring or automation, many continue to weigh India's stability against short-term tariff savings, Askari shared.

Jain echoed, and told businessline that diversification is gaining ground, “The Middle East offers tariff advantages via the India–UAE FTA; East Africa is emerging as a cost-competitive hub; and Latin America, particularly nearshoring to the US, is showing traction.”

Rahul Mehta, Chief Mentor at the Clothing Manufacturers Association of India (CMAI) and Director at Creative Group of Companies, said the tariff shock offers an important lesson. “We cannot depend on any single market. Exporters must broaden their market and product base and even look at the domestic market, which itself is worth \$100 billion. The short run will be painful, with financial stress, job losses and factory closures. But in the long run, there are enough opportunities globally and domestically for Indian exporters to revive and regain strength,” he said.

Mehta called this diversification a long-term de-risking approach that will take more than six months to play out. “Beyond cotton, India dominates in other niches such as hand embroidery, value-added garments, handlooms, khadi and jute. Regardless of tariff levels, there are few alternatives globally to India’s craftsmanship and skills,” he said.

For now, US and European retailers are responding cautiously, preferring to wait for clarity rather than make wholesale changes. But industry leaders agree that while tariffs may sting, India’s deeper advantages, its cotton base, integrated supply chain and skilled workforce, make it a piece of the global textile puzzle that no one can afford to ignore.

Source: thehindubusinessline.com– Aug 18, 2025

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In this knitwear hub, as the rhythm of looms withers way, an easy silence sets in

For 38-year-old V Dinesh Kumar, a small apparel manufacturer based out of this industrial town located on the banks of the Noyyal river in western Tamil Nadu, the fear that had been gnawing at him for weeks became a reality the other day. His first order from a US buyer was cancelled through a brief email, wiping out months of preparations and over ₹50 lakh from his savings invested in fabrics, accessories and capacity expansion.

“It’s a huge blow for a company of our size,” says Kumar, proprietor of Woodrose Apparel, a micro enterprise which employs around 70 people, and exports cotton infant and baby clothes.

Until recently, Woodrose was exporting mainly to Europe and the UK, supplying 30,000–40,000 packs of infant wear each month. In July, Kumar secured his first US order — 50,000 packs, or one lakh pieces, worth ₹1.5 crore. He stocked up on raw materials, upgraded machinery, and even planned a trip to meet potential buyers and attend trade shows in the US. “All those plans have now gone,” he says. Today, the materials lie untouched in his workshop — “dead stock,” as he calls it.

“For a small player like me, ₹50 lakh is huge. We don’t have bank funding. We use our own capital, and if that gets stuck, the entire supply chain freezes,” he says.

Kumar’s plight mirrors that of thousands of micro-entrepreneurs in this knitwear hub. Units located here export about ₹45,000 crore worth apparel each year — with over half of the merchandise going to the US. That model has been upended by Washington’s recent decision to impose a 50% tariff on Indian goods, dealing a severe blow to an industry of 2,500 exporters and nearly 20,000 standalone units, 96% of them small and medium enterprises (SMEs).

Tariffs trigger uncertainty across Tiruppur

The relentless rhythm of looms and whirring of spindles — long synonymous with livelihoods here — has been replaced by an uneasy silence. “It feels like the Covid lockdown when everything stopped,” says Kumar Duraiswamy, joint secretary at the Tiruppur Exporters Association

(TEA). “Even the fruit vendor on the street asks me when this tariff issue will end. That’s how deeply it’s being felt.”

Duraiswamy runs Eastern Global Clothing, which exports knitted garments including baby and infant wear, women’s clothing, joggers and licensed apparel for major brands like Disney. The US accounted for 30% of his business, with the rest in Europe and the Gulf. “Even at 25% additional tariff, we could manage, because the gap with competing countries was just 5%,” he says. But when the US President Donald Trump added another 25% — taking the total to 50% — orders stopped overnight. The full tariff is to take effect from August 27. Key rivals like Bangladesh, Vietnam and Sri Lanka face only around 20% tariffs or less, making India uncompetitive almost instantly.

Tiruppur’s strength lies in core products — undergarments, innerwear, vests, briefs, infant bodysuits and other fast-moving basics. Most exporters operate on a cost-plus-5% model, a high-volume, low-margin business. “Undergarments are produced in bulk, but the margins are razor thin. At 50% tariff, it’s not sustainable,” Duraiswamy says.

The shock is amplified by the cluster-based nature of the industry. For instance, the making of a single T-shirt can involve eight or more stages — spinning, knitting, dyeing, finishing, sewing, labelling and packaging — plus value-added processes like printing and embroidery, often handled by separate specialist units. “When orders stop, every link in that chain is hit,” says N Thirukkumaran, general secretary of TEA.

Some exporters, he notes, have 100% exposure to the US, others 80% or slightly less, “but a 50% tariff is crippling across the board.” If the issue isn’t resolved in the next few weeks, layoffs and even unit closures are inevitable, he warns, since 95% of Tiruppur’s units are SMEs without the reserves to absorb such shocks.

Calls grow for relief and new trade pacts

Thirukkumaran’s firm, Esstee Exports, however, is a custom manufacturer of high-end fashion for men, women and children, with less than 10% exposure to the US and 90% to Europe. But for players like him, there is a different kind of challenge. With half of Tiruppur’s volumes lost to the US market, everyone — from the biggest exporters to the smallest units — is competing for the same buyers in Europe and the UK.

However, the US market's pull is hard to replace. On average, a US household spends \$1,500–2,000 a year on clothing and footwear, buying around 68 pieces annually. India supplies about 8% of that — roughly six to seven items per American per year. “That’s the sheer size of demand we’re talking about,” Duraiswamy says, adding that factories built for the scale of US orders can’t simply retool for Europe’s smaller, more seasonal demand.

Industry players are now urging the Indian government to step in. They want Covid-era relief measures such as loan moratoriums, extending the NPA classification period to 180 days from 90, and reinstating the interest equalisation scheme scrapped in December. They also seek the removal of the ₹50 lakh threshold on packing credit and stress that rating agencies must factor in the current crisis.

Thirukkumaran believes the longer-term solution lies in speeding up free trade agreements with the European Union (EU) and Gulf Cooperation Council (GCC) nations. “Nearly 30% of India’s apparel exports already go to Europe and 10% to the UK. With an EU FTA, that 40% could grow significantly, reducing our dependence on the US over time,” he says.

For Woodrose Apparel’s Kumar, the future has come full circle. Just months ago, he was preparing to reduce his reliance on Europe and the UK from 100% to 70%, betting on the US to take up the remaining 30%. Now, with his American dream on hold, he is back to chasing orders in the very markets he once planned to scale down — hoping they can keep his looms running until better days return.

Source: [financialexpress.com](https://www.financialexpress.com)– Aug 18, 2025

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Research warns Trump's 50% tariffs put \$60 bn of Indian exports & millions of jobs at risk

Around 70 per cent of India's goods exports to the US, equivalent to USD 60.85 billion, are now exposed to the 50 per cent tariff imposed by the US administration, according to an analysis by the Indian Council for Research for Economic Relations. (ICRIER)

This represents just 1.56 per cent of GDP and 7.38 per cent of total exports, far from a catastrophe for a USD 3.9 trillion economy. A report by the Indian Council for Research on International Economic Relations, titled 'Navigating Trump's Tariff Blow', authored by Ashok Gulati, Sulakshana Rao, and Tanay Suntuwal, argued that the impact is heavily concentrated in labour-intensive and high-value sectors such as textiles and apparel, gems and jewellery, auto parts and agricultural products, notably shrimp.

Who is the worst affected by these tariffs?

"These sectors not only anchor the merchandise exports to the US but also directly affect employment generation and the livelihoods of millions of workers and farmers," the ICRIER report read. The textiles and apparel sector faces a tariff disadvantage of over 30 percentage points compared with competitors like Bangladesh, Pakistan and Vietnam, threatening its competitive position in a key export market, the report noted.

Gems and jewellery exports, worth USD 11.9 billion, face similar challenges against suppliers such as Turkey, Vietnam, and Thailand. Auto parts, which constitute 3 per cent of India's exports to the US, are also vulnerable.

In agriculture, shrimp exports will be worst hit with 50 per cent tariffs higher than those applied to competitors like Ecuador, Indonesia, and Vietnam, in addition to the existing anti-dumping and countervailing duties India faces, the ICRIER authors argued.

"These are sectors where buyers can switch sourcing relatively quickly, which gives US importers bargaining power and weakens India's negotiating position," they supplemented. Against this backdrop, ICRIER recommended a three-pronged strategic response.

ICRIER's recommendation

“Firstly, smart negotiations with logic and rationality. Secondly, announce immediate and targeted relief support to hard-hit sectors, and last on high priority, diversify our export markets,” it summarised its recommendations. “The success of our leaders will be ensuring that short-term disruptions give way to long-term gains, reinforcing India’s position as a trusted and indispensable player in the global economy,” the abstract of the ICRIER report concluded.

Initially, US President Donald Trump announced 25 per cent tariffs on Indian goods, even as there were hopes of an interim India-US trade deal that would have otherwise helped avoid elevated tariffs. A few days later, he imposed another 25 per cent tariff, taking the total to 50 per cent, citing India’s continued imports of Russian oil.

In contrast to India, competitors such as Vietnam (20 per cent), Bangladesh (18 per cent), Indonesia, Malaysia, and the Philippines (19 per cent), and Japan and South Korea (15 per cent) enjoy lower rates, as per reports. However, the new US tariff regime excludes pharmaceuticals, energy products, critical minerals, and semiconductors.

Over the past few months, India and the US have been negotiating for an interim trade deal. Still, there are reservations from the Indian side on the US demand for opening up the agricultural and dairy sectors. Agriculture and dairy are critical for India as these two sectors provide livelihood opportunities to a large section of people.

India and the US initiated talks for a just, balanced, and mutually beneficial Bilateral Trade Agreement (BTA) in March this year, aiming to complete the first stage of the Agreement by October-November 2025.

US President Donald Trump had imposed reciprocal tariffs on dozens of countries with which the US has a trade deficit. Since assuming office for his second term, President Trump has reiterated his stance on tariff reciprocity, emphasising that his administration will match tariffs imposed by other countries, including India, to “ensure fair trade”.

On April 2, 2025, President Trump signed an executive order for reciprocal tariffs on various trade partners, imposing varied tariffs in the range of 10-50 per cent. He subsequently kept the tariffs in abeyance for 90 days, while imposing a 10 per cent baseline tariff, providing time and

space for making trade deals. The deadline was to end on July 9, and the US administration later pushed it to August 1.

Faced with tariffs, during the ongoing Monsoon session of Parliament, Commerce and Industry Minister Piyush Goyal made a statement in both Houses, affirming that the government is examining the impact of tariffs and will take all necessary steps to safeguard the national interest.

On India's import of Russian oil, the Ministry of External Affairs (MEA) also made its position clear, stating that India's imports are meant to ensure predictable and affordable energy costs to the Indian consumer. MEA 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," India made clear its stance yet again.

Source: financialexpress.com– Aug 16, 2025

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Karur textile exporters face the risk of dip in production and job loss due to Trump tariffs

Textile exporters from Karur, who are hit by high tariffs imposed by the U.S., have sought the immediate intervention of the Union and State government to save the industry.

According to industry sources, the U.S. remains one of the largest markets for Indian textiles. Home textile exports originate from the Karur cluster, which has earned a reputation for quality and reliability over decades of trade relationships, and constitute a significant share of the country's exports. The total annual manufacturing value of Karur cluster is pegged at ₹9,000 crore. Of this, exports constitute ₹6,000 crore, predominantly to the U.S. and European Union. The cluster employs about 2 lakh people in production of home textiles such as bed linen, table covers, kitchen cloths, mats, and sofa covers.

With the U.S. imposing 50% higher tariffs on Indian goods, the exporters have started feeling the heat. The industry leaders say that the customers based in the U.S. have started demanding heavy discounts for existing orders. Several exporters have received intimation from the buyers to hold shipments. Orders placed recently have been cancelled.

“The recent developments are posing a big challenge to the textile exporters. Holding of shipments or cancelling orders will lead to restricted cash flow. It will eventually lead to a liquidity crisis. Forced discounts and delays have potential for operational losses, thereby leading to job loss for thousands of workers, many of whom are dependent on daily wages,” says P. Gopalakrishnan, president, Karur Textile Manufacturers Association.

Highlighting the potential challenges, he said the association had sent a separate memorandum to Prime Minister Narendra Modi and Chief Minister M.K. Stalin to take steps to save the industry.

Association secretary S. Sukumar said the current situation had the potential to disrupt the supply chain management besides causing slump in production. It was not good for the exporters, who had built their customer base brick by brick over the decades.

Mr. Gopalakrishnan said there was an urgent need for an invention by the government to sustain the operations, protect jobs, and maintain global competitiveness.

List of demands

An additional 24% enhancement in working capital limits without requiring additional collateral and ad-hoc loan facility up to 20% of the turnover of 2024-25 as an emergency loan to address liquidity crunch must be given. Similarly. Interest subvention scheme should be reintroduced to offset higher borrowing costs and maintain competitiveness.

A special export incentive of up to 10% for textile exports to the US market to counterbalance the tariff disadvantage should also be given to the exporters.

Source: thehindu.com– Aug 14, 2025

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Indian textile sector may see revenue, margin pressures in Q2 FY26

Revenue and margin pressures may be seen in export-oriented tariff-hit Indian sectors like textile, leather, chemicals and agriculture in the second quarter (Q2) of fiscal 2025-26 (FY26), according to the August 12 issue of SBI ECOWRAP newsletter published by the State Bank of India (SBI).

India's consumer price index (CPI)-based inflation moderated to a 98-month low of 1.55 per cent in July this year compared to 2.1 per cent in June and 3.60 per cent in July 2024. The July reading is marking the ninth consecutive month of decline and mainly due to decline in food inflation, which was also at a 78-month low, the newsletter noted.

The core inflation also decelerated sharply and for the first time in past six months stood below 4 per cent (at 3.94 per cent). Excluding gold prices, the core inflation decelerated below 3 per cent to 2.96 per cent in July 2025, almost 100 basis points lower than the headline core CPI.

SBI estimates point to a lower inflation print vis-à-vis the central bank's projection. However, with August inflation print likely to top 2 per cent and be closer to 2.3 per cent, a rate cut in October looks difficult, the newsletter said. Even a rate cut in December looks a tad difficult if growth numbers for Q1 and Q2 this year are taken into consideration.

Source: fibre2fashion.com– Aug 17, 2025

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Trump hints US may not opt for additional secondary tariffs on India

President Donald Trump recently dropped a hint that the United States may not go ahead with additional secondary tariffs on countries that continue to purchase crude oil from Russia.

The hint came following his meeting with Russian President Vladimir Putin in Alaska that ended without any deal to stop the Russia-Ukraine war.

"Well, he [Putin] lost an oil client, so to speak, which is India, which was doing about 40 per cent of the oil. China, as you know, is doing a lot. And if I did what's called a secondary sanction, or a secondary tariff, it would be very devastating from their standpoint. If I have to do it, I'll do it. Maybe I won't have to do it," Trump told a US TV channel.

This might be a relief for India as there had been worries that the country could face fresh penalties if Washington enforced penalty sanctions.

A 25-per cent duty on Indian imports took effect on August 7. Trump later announced an additional 25-per cent levy due to Indian oil purchases from Russia, bringing the total tariff burden on Indian goods exported to the United States to 50 per cent. The second round of duties will start from August 27.

Trump also brushed aside questions about similar penalties for China, saying, "I don't have to think about that now."

Before the Trump-Putin talks, US treasury secretary Scott Bessent had cautioned that if the discussions failed, Washington could raise secondary sanctions on India for purchasing Russian oil.

Source: fibre2fashion.com– Aug 17, 2025

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India's cotton imports for crop year 2024-25 surge to record 39 lakh bales on lower global prices

India's cotton imports will be a record 39 lakh bales of 170 kg each for the current 2024-25 crop year ending September, more than double the previous year's 15.20 lakh bales. Lower international prices coupled with higher demand from mills for contaminant-free cotton has resulted in a surge in imports, said Atul Ganatra, President, Cotton Association of India (CAI).

“Our prices are 10 to 12 per cent higher today than the world market and that is the reason India has done the highest import crossing 39 lakh bales and nearly 40 lakh bales,” Ganatra said. Previously, India's cotton imports had touched a high of 31 lakh bales during 2022-23, when the domestic prices had soared touching a record one lakh rupees per candy (356 kg).

Further, Ganatra said the Indian companies have already started contracting cotton import for the next crop year starting October as the international prices are cheaper. “In the last 10 days alone, 1.5 lakh bales has been contracted for the October-November-December delivery,” Ganatra said.

Currently, the Brazilian cotton is available at ₹51,000 per candy for any port delivery – say at Tuticorin, Mundhra or Nhava Sheva. Due to the 11 per cent import duty, it is costing ₹56,000. However, the mills, which are doing lot of direct exports can buy on open licence for which the import duty is 4.4 per cent. “So they are finding the imported cotton cheap and best,” Ganatra added.

Of the projected imports of 39 lakh bales till September, about 33 lakh bales have already arrived at the Indian ports till end-July. “I believe half of the imports are from Brazil, while another 8-10 lakh bales have been imported from African countries, for which duty is half at 5.5 per cent. Another 3 lakh bales is imported from Australia under the duty-free quota,” he said.

As per the Commerce Ministry quick estimates, imports of cotton raw and waster registered a 61 per cent increase during the April-July period in dollar value terms.

Cotton imports stood at \$383.22 million during April-July this fiscal, up from \$238.30 million in the same period last year. During April-March 2024-25, India's imports of cotton raw and waste touched \$1.219 billion, an increase of 104 per cent over previous year's \$598.66 million.

As per CAI, the pressing estimates for 2024-25 stood lower at 311.4 lakh bales of 170 kg each, down from 336.45 lakh bales in the previous year. Domestic demand during the year is projected marginally up at 314 lakh bales (313 lakh bales in the previous year) and closing stocks at 57.59 lakh bales (39.19 lakh bales).

Source: thehindubusinessline.com– Aug 17, 2025

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CAI estimates closing 2024-25 cotton stocks up 47% at 57.59 lakh bales

Cotton stocks in India for the season ending September 2025, are seen up 47 per cent at 57.59 lakh bales (of 170 kg each) from 39.19 lakh bales in the same period a year ago. This increase is largely attributed to the surge in imports of the fibre crop, which are estimated to have more than doubled to 39 lakh bales during the year against 15.20 lakh bales the previous season, the Cotton Association of India (CAI) said.

Based on the inputs received from its members of 11 cotton-growing State associations and trade sources, CAI has maintained its cotton pressing estimate for 2024-25 season at 311.40 lakh bales, same as estimated previously, said chairman Atul Ganatra in a statement.

CAI estimates total supply till end September at 389.59 lakh bales against the earlier estimate of 380.59 lakh bales. Total supply consists of the opening stock of 39.19 lakh bales at the beginning of 2024-25 season on October 1, 2024, cotton pressing numbers estimated for the season at 311.40 lakh bales and imports of 39 lakh bales.

Domestic offtake up

For the 2024-25 season, CAI has increased the domestic consumption estimate to 314 lakh bales against from its earlier projection of 308 lakh bales. The exports for the season 2024-25 are estimated at 18 lakh bales, down 36 per cent from previous year's 28.36 lakh bales. Till July end, 33 lakh bales are estimated to have arrived at the Indian ports.

Total supplies till end July was estimated at 374.43 lakh bales. This comprised of pressing of 302.24 lakh bales, imports of 33 lakh bales and opening stock of 39.19 lakh bales. Consumption till end July has been estimated at 261.66 lakh bales, while exports for the period stood at 16 lakh bales. Stock at the end of July are estimated at 96.77 lakh bales. This includes 32.50 lakh bales with textiles mills and remaining 64.27 lakh bales with CCI, Maharashtra Federation and others such as the MNCs, ginners, traders and exporters including cotton sold but not delivered, Ganatra said.

Source: thehindubusinessline.com– Aug 14, 2025

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GTRI claims some companies misuse duty-free import scheme, calls it 'licence to loot'

The duty free import authorisation (DFIA) scheme, aimed at cutting input costs for exporters, is being misused by some companies, and it has turned into a "licence to loot" owing to a mix of vague policy definitions, lax enforcement, and judicial interpretations, economic think tank GTRI said on Sunday.

The Global Trade Research Initiative (GTRI) said that the government should immediately intervene because if unchecked, DFIA misuse will destroy faith in India's export incentive regime and drive honest exporters out of business.

A forensic audit of licences issued in the past five years is urgently needed, alongside recovery of duties from fraudulent imports, it said.

When asked about the issue, the commerce ministry said that in the Directorate General of Foreign Trade (DGFT), there is a permanent mechanism of norms committees across sectors for looking into complaints of misuse of SION (standard input output norms) and misdeclaration of inputs used.

"It is also being proposed that the import items for which DFIA have been availed in the past five years be screened to identify if the scheme is resulting in an unintended benefit or if any sensitive items, items with high value import duties are to be kept out of the purview of the scheme," the ministry said.

According to GTRI, the flagship export promotion scheme has been hijacked and turned into one of India's most brazen import scams.

"The DFIA scheme - meant to cut input costs for exporters - has morphed into a 'licence to loot', allowing traders to import high-value goods like whey protein, saffron, walnuts, and lithium-ion batteries at zero customs duty," it said.

It added that on paper, these products are claimed as "inputs" for exports as ordinary as biscuits, pickles, and tractors. In reality, they were never used in production.

"A mix of vague policy definitions, lax enforcement, and judicial interpretations divorced from reality has enabled a cartel of traders to bleed the exchequer while regulators look away. What was supposed to be a lifeline for exporters is now a legalized smuggling channel," GTRI Founder Ajay Srivastava said. Explaining the issue, Srivastava said the scheme, administered by the DGFT, allows exporters to import raw materials duty-free provided these inputs are genuinely used in export production.

Licences are issued against pre-approved Standard Input Output Norms (SION), which define what can be imported for each export item. In principle, the scheme lowers costs and improves competitiveness. But once exports are completed, the licences are transferable. "Coupled with vague definitions like "milk and milk products" or "protein derivatives", this feature has opened the floodgates to misuse," Srivastava said.

Citing examples, the report also said that the broad categories in SION have been stretched beyond logic. "Biscuits that normally require milk powder were linked to duty-free imports of whey protein concentrate. Confectionery needing synthetic flavours became an excuse to bring in saffron. Snack foods that typically use palm oil were used to justify imports of expensive specialty fats," GTRI said, adding pharmaceutical capsules requiring gelatin were replaced with collagen peptides, used mainly in cosmetics.

The think tank suggested suspending imports of high-duty items -- like whey protein and walnuts -- under DFIA. The vague SION norms must be rewritten with precise product-specific terms, it said, adding most importantly, DFIA should be limited to low-duty inputs -- those attracting 10 per cent or less -- so that traders cannot exploit the scheme for luxury goods.

"The scheme began as a genuine lifeline for small exporters. Today it has been twisted into a parallel duty-free bazaar for a handful of traders. Aided by weak definitions, complicit regulators, and permissive courts, this cartel has turned an export facilitation tool into a racket," Srivastava said.

Source: thehindubusinessline.com– Aug 17, 2025

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Tailor-made measures for key export sectors likely

The government is considering specific industry-wise measures rather than a full-scale loan guarantee scheme to help export-oriented units and small and medium enterprises facing stress on account of the US tariffs, said officials.

It comes after exporters sought an emergency credit line guarantee scheme (ECLGS) that would offer collateral-free working capital and government-backed risk cover to tide over the punitive tariffs on Indian exports. "There have been cases where smaller firms, like in the textile sector, are not able to fully benefit from overarching schemes. That is why we are looking at targeted measures like sector-specific credit lines with relaxed collateral," said one of the officials, who did not wish to be identified.

Other measures being discussed include integrating lending infrastructure with the PM Vishwakarma scheme and BharatNet project. Under the PM Vishwakarma scheme, collateral-free credit and skill training are provided to artisans and craftspeople, along with other support measures.

BharatNet is one of the world's largest rural telecom projects, under which high-speed broadband connectivity is provided to gram panchayats across the country. "We are also exploring with banks and insurers the possibility of setting up cluster-based working capital funds and bringing down insurance premiums," said the official.

These measures are crucial given the uncertainty over the proposed bilateral trade agreement (BTA) talks. American trade negotiators have postponed their visit to Delhi for the sixth round of discussions, which were scheduled for August 25-29, even as the two sides had earlier said that they were aiming to conclude the first tranche of the BTA by autumn.

Meanwhile, the Federation of Indian Export Organisations (FIEO) has pushed for credit support, risk mitigation and cost relief to navigate disruptions expected from the steep 50% tariffs announced by the US. It has also suggested a moratorium on loan payments for one year, as high tariffs could result in reduced orders or longer payment cycles, squeezing exporter cash flows.

While the 25% tariff on Indian goods entering the US came into effect on August 7, the additional 25%, announced as a penalty for buying crude oil and military equipment from Russia, will kick in on August 27.

India's exports to the US in April-July amounted to \$33.53 billion, up 17.8% from \$27.57 billion a year ago.

The US remains India's largest trading partner, and the commerce and industry ministry is in touch with exporters and export promotion councils to assess the impact of the 25% tariff already in effect.

The FIEO has suggested lowering the insurance premium to make it more accessible to small and medium exporters. It has also pushed for automatic enhancement of credit limits up to 30%, as exporters may need higher working capital to stay competitive against global rivals.

Source: economictimes.com– Aug 17, 2025

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US-India bilateral trade talks scheduled from August 25 called off: Report

A planned visit by US trade negotiators to New Delhi from August 25-29 has been called off, a source said, delaying talks on a proposed trade agreement and dashing hopes of relief from additional US tariffs on Indian goods from August 27.

The current round of negotiations for the proposed bilateral trade agreement is now likely to be deferred to another date that has yet to be decided, the source with direct knowledge of the matter said.

The US embassy in New Delhi said it has no additional information on the trade and tariff talks, which are being handled by the United States Trade Representative (USTR).

India's trade ministry did not immediately reply to a Reuters email seeking comments.

Earlier this month, US President Donald Trump imposed an additional 25 per cent tariff on Indian goods, citing New Delhi's continued imports of Russian oil in a move that sharply escalated tensions between the two nations.

The new import tax, which will come into effect from August 27, will raise duties on some Indian exports to as high as 50 per cent - among the highest levied on any US trading partner.

Trade talks between New Delhi and Washington collapsed after five rounds of negotiations over disagreement on opening India's vast farm and dairy sectors and stopping Russian oil purchases.

India's Foreign Ministry has said the country is being unfairly singled out for buying Russian oil while the United States and European Union continue to purchase goods from Russia.

Source: business-standard.com – Aug 17, 2025

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