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Currency Watch			
USD	EUR	GBP	JPY
87.46	101.34	117.14	0.59

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INTERNATIONAL NEWS

EU, US Release Details of Bilateral Trade Deal

Weeks after announcing the formation of a bilateral trade agreement that President Donald Trump called "the biggest deal ever made," the United States and the European Union have released much-anticipated details about the framework.

The big picture

In a joint statement on Thursday, the trade partners outlined and reinforced certain provisions. Most importantly, the 15-percent duty rate for European imports to the U.S. market that was announced in late July will persist, though the partners provided crucial details about how the interplay between new "reciprocal" tariffs and existing import duties.

"The United States commits to apply the higher of either the U.S. Most Favored Nation (MFN) tariff rate or a tariff rate of 15 percent, comprised of the MFN tariff and a reciprocal tariff, on originating goods of the European Union," the partners wrote. As of Sept. 1, Europe-originating products including unavailable natural resources like cork, aircrafts and their parts, generic pharmaceuticals and chemical precursors will face only the MFN rate.

"The United States and the European Union agree to consider other sectors and products that are important for their economies and value chains for inclusion in the list of products for which only the MFN tariffs would apply," the statement said, indicating some wiggle room for negotiating lower duties on specific EU imports.

The EU committed to eliminate tariffs on all American industrial goods (while also providing preferential access for a range of agricultural products). The U.S. will maintain high tariffs on vehicles until those changes are made, reducing the tariffs on automobiles when the EU fulfills its end of the bargain by removing existing trade barriers.

As with the agreement with Japan—another deal that Trump characterized as the "largest" ever made—the EU has pledged to invest $600 billion across strategic sectors in the U.S. by the end of 2028. "This investment reflects the European Union's strong commitment to the transatlantic partnership and its recognition of the United States as the most secure and innovative destination for foreign investment," the statement said.

Tariffs that impact the fashion sector

While the trade partners' statement was largely in line with what European Commission President Ursula von der Leyen and President Trump shook on last month, the industry was fretting over a key detail.

American Apparel and Footwear Association (AAFA) president and CEO Steve Lamar, along with Council of Fashion Designers of America (CFDA) president Steve Kolb, jointly praised the negotiating teams "for ensuring that the new 15 percent reciprocal rate is not-stacked on top of existing high most-favored nation (MFN) rates that the U.S. fashion industry has long been paying on imports of inputs, equipment, and finished goods."

The U.S. fashion sector—including brands, retailers and producers—has been waiting with bated breath to see how this element of the deal would shake out.

To illustrate the scope of the win: an imported men's cotton shirt (not knitted or crocheted) faces an MFN rate of 19.7 percent, and a women's or girls' blouse made of man-made fibers (that is knitted or crocheted) faces a 32 percent MFN rate. Under the new deal, products imported from France or Italy that are categorized under those HTS codes could have faced the sum total of the established MFN rates and the new reciprocal duties of 15 percent, but the administration has opted not to "stack" the rates.

Matt Priest, president and CEO of the Footwear Distributors and Retailers of America (FDRA), explained the situation as such: "For example, a men's leather shoe out of Italy with a historic tariff rate of 8.5 percent will have a new reciprocal rate of 6.5 percent applied so the total rate paid is 15 percent." Meanwhile, "A sneaker out of Italy with a typical rate of 20 percent will still face a rate of 20 percent since the rate is equal to or more than the 15 percent rate."

"We are urging the U.S. to embrace this vital non-stacking concept in other deals so that fashion industry can continue to directly and indirectly support more than 10 million U.S. workers as we design, make, market, and sell safe, affordable, authentic, and responsibly-made clothes, shoes, and accessories," the Lamar and Kolb wrote in a statement viewed by Sourcing Journal.

"While we never like the imposition of additional tariffs on shoes, the EU-U.S. framework provides a precedent for other frameworks because it does not stack tariffs. My hope is that agreements with Vietnam, Indonesia, Cambodia, India, and others will provide the same arrangement," Priest added.

Addressing duty-dodgers

There are several other elements of the nascent deal that could prove impactful to American fashion firms as it's rolled out over the coming months.

Notably, the U.S. and the EU in their joint statement stipulated that they plant to negotiate rules of origin "that ensure that the benefits of the Agreement on Reciprocal Trade accrue predominately to the United States and the European Union."

Further, the statement said, "The United States and the European Union agree to strengthen economic security alignment to enhance supply chain resilience and innovation by taking complementary actions to address non-market policies of third parties as well as cooperating on inbound and outbound investment reviews and export controls, as well as duty evasion."

A seemingly innocuous statement on its surface, the rules of origin inclusion underscores a fixation evinced by the Trump administration on the issue of "transshipment," or the rerouting of goods through third countries to avoid high duties. Transshipment clauses—and threats of hefty penalties—have been included in the letters the White House delivered to dozens of trading partners in recent weeks.

The Trump administration has also touted its intent to force all countries to pay the duties they've been dealt, saying it will deal with duty dodgers accordingly. Last month, the U.S. Department of Justice (DOJ) announced that it's upping its efforts to promote robust trade enforcement as it anticipates an escalation of issues like tariff evasion (through misclassifying or undervaluing imports, or misrepresenting country of origin) as the tariffs take hold.

Sustainability standards for American companies

With the EU at the global forefront of sustainability regulation and legislation for some time (however watered down the rules may have become in recent months) the Trump administration has worried aloud that stringent environmental and labor standards could impede U.S. exports to the regional market and stymie trade growth.

In their joint statement, the trade partners agreed that the EU will "undertake efforts to ensure that the Corporate Sustainability Due Diligence Directive (CSDDD) and the Corporate Sustainability Reporting Directive (CSRD) do not pose undue restrictions on transatlantic trade."

When it comes to the CSDDD, this will mean taking steps to reduce administrative burdens on businesses (including small- and medium-sized enterprises, or SMEs). The EU has also committed to proposing changes to the requirement for a harmonized civil liability regime for due diligence failures and to climate-transition-related obligations.

Digital trade barriers

As recently as last week, it appeared that landmark EU legislation regulating players in the digital realm might prove to be a stumbling block in the finalization of the trade truce.

The law, which aims to safeguard European citizens against illegal content, disinformation, deceptive advertising, data mining and more, targets "very large online providers" (VLOPs) including American firms like Facebook, Amazon and Google. (Foreign marketplaces like AliExpress, Shein, Temu and Zalando are also subject to the most stringent of standards under the law, so it's not just U.S. firms being singled out.)

Thursday's statement appears to address U.S. compliance with the DSA as a work in progress. In addition to both parties committing that they will not take actions like adopting or maintaining network usage fees, imposing customs duties on electronic transmissions, "The United States and the European Union commit to address unjustified digital trade barriers," the statement said.

Source: sourcingjournal.com– Aug 21, 2025

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Faster Delivery Propels Walmart's US E-Commerce Growth 26%

Walmart's online business is showing no signs of slowing down in the U.S., and the retail giant is attributing part of the growth to its faster delivery speeds.

The Bentonville behemoth saw second-quarter e-commerce sales grow 26 percent in the U.S., inching up from the "low-20 percent growth range" delivered over the prior four quarters.

According to chief financial officer John David Rainey, deliveries fulfilled from the store increased almost 50 percent from the year prior, with same-day delivery continuing to accelerate.

Approximately one-third of deliveries from store in recent weeks were completed in three hours or less, and 20 percent of those deliveries reached customers in 30 minutes or less.

Three-hour-or-less expedited delivery has been a major priority of the Walmart team since the start of the Covid-19 pandemic, when the company first debuted its Express Delivery service across nearly 2,000 total stores.

As of May 2025, expedited delivery has since been expanded to more than 4,500 U.S. stores. Worldwide, Walmart now offers same-day delivery out of more than 6,500 stores.

"Our customers are responding to our delivery speeds. We see billions and billions of units at a high growth rate being delivered same day," said John Furner, president and CEO of Walmart U.S., during the call. "I'm excited about what the team has done to lean into speed. We're now covering 93 percent of the country under three hours. We think that will be 95 percent by the end of the year. So our reach is getting better, our speed is improving and customers love being able to deliver with speed."

Walmart has been able to achieve a rare feat by making its e-commerce operation profitable, achieving profitability for the second straight quarter. Rainey said profitability continued to increase in the second quarter, with progress made on improving net delivery costs and more momentum in advertising as Walmart Connect saw revenues increase 31 percent.

Furner also said the merchandise mix offered online “has been better,” pointing to apparel as a strong point for general merchandise.

Like the Walmart U.S. branch, Sam’s Club also saw 26 percent e-commerce growth, with club-fulfilled delivery representing nearly 50 percent of this increase, even while curbside pickup was up double-digits.

The retail giant’s international presence saw e-commerce growth of 22 percent, with the company again highlighting the strengths of store-fulfilled pickup and delivery in powering that expansion.

Markets like India and China have reaped the benefits of Walmart’s international supply chain investments.

In China, Walmart opened 33 one-hour delivery “cloud depots” throughout the quarter, bringing its nationwide total to 455 locations, according to Kathryn McLay, president and CEO of Walmart International.

With more than 50 percent of sales in China initiated online, Walmart can deliver more products to the customer in less than an hour.

E-commerce sales in China expanded 39 percent in the quarter, while it scaled up 24 percent and 21 percent in Canada and Mexico, respectively.

And in India, the company now operates 300 “minute FCs,” which enables Walmart to reach customers in less than fifteen minutes. Sixty of these MFCs are for Walmart-owned fashion retailer Myntra, which enables them to be able to get to the customer in under 30 minutes.

In the call, Walmart CEO Doug McMillon said the company sees lots of opportunities to expand on the recent deployment of its agentic AI capabilities after the release of its personal shopping assistant Sparky.

The CEO said agentic AI could help create digital twins of the company’s facilities, “which can help predict or prevent issues before they happen,” or create more accurate dynamic delivery windows, which McMillon expects will be offered for 95 percent of U.S. households by the end of 2025.

McMillon also noted that Walmart's composition of inventory is in "good shape" up 3.8 percent globally to $57.7 billion and up 2.2 percent in Walmart U.S. But expect unit costs to increase amid the higher costs of importing goods in recent months due to tariffs.

"The impact of tariffs has been gradual enough that any behavioral adjustments by the customer have been somewhat muted," said McMillon. "But as we replenish inventory at post-tariff price levels, we've continued to see our costs increase each week, which we expect will continue into the third and fourth quarters."

For the second quarter, Walmart grew revenue 4.8 percent from a year ago to $177.4 billion, with Walmart's U.S. sales rising 4.8 percent to $120.9 billion.

For the 2026 fiscal year, Walmart raised its outlook for net sales growth to 3.75 percent to 4.75 percent, up from the prior range of 3 percent to 4 percent. Adjusted earnings per share (EPS) also increased to a $2.52 to $2.62 range, from a prior $2.50 to $2.60.

Source: sourcingjournal.com– Aug 21, 2025

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US retailers rethink sourcing strategy as tariff pressure mounts

The 25 per cent additional US tariff on Indian goods is just round the corner, and a significant shift is underway in sourcing strategies—a move that is already sending ripples through India's textile and apparel sector.

As per media reports, many global retailers are reportedly pausing their sourcing from the country, prompting widespread uncertainty within the industry.

According to multiple media reports, exporters across India have received communications from several global brands requesting that they pause shipments until further notice. This is seen as a direct response to the tariff escalation pushed by US President Donald Trump, marking a decisive shift in trade dynamics between the two countries.

The United States is India's single largest market for textile and apparel exports, accounting for approximately 28 per cent of the country's total exports in FY25 (ending March 2025), according to some estimates. However, the new tariffs could sharply increase landed costs by 30 per cent to 35 per cent, making Indian products significantly less competitive in the US market.

Analysts predict that the resulting disruption could lead to a 40 per cent to 50 per cent decline in export orders from the US, translating into an estimated revenue loss of $4 to $5 billion for the Indian textile sector.

Buyers, now facing increased costs, are reportedly negotiating hard with Indian suppliers or simply redirecting orders to alternative sourcing destinations.

One of the biggest beneficiaries of this development appears to be Bangladesh. A garment exporter based in Dhaka remarked that orders have already started to shift. "Retailers and brands, who were earlier unsure, are now returning with higher volumes of orders," claimed the apparel maker, citing the higher tariff rates in India and China as the primary driver for the shift.

In 2024, the US imported approximately $107.72 billion worth of textile products, including $80 billion in readymade garments, as per some reports. China accounted for 21 per cent, Vietnam 19 per cent, Bangladesh 9 per cent, India 6 per cent, and Sri Lanka 3 per cent of the US market as per some estimates, which makes India the fourth-largest source of apparel exports to the US.

Bangladesh nevertheless holds several strategic advantages vis-à-vis many of its competitors, including competitive labour costs, lower tariffs, and a responsive manufacturing ecosystem. There is also another factor now, which is expected to play a significant role in making Bangladesh more attractive to US buyers—the country's plan to significantly ramp up its import of US cotton and man-made fibres (MMF) from the US.

Under the new US tariff structure, exported products that contain 20 per cent or more raw materials sourced from the United States are partially exempt from countervailing duties. For example, if a Bangladeshi garment is made with 50 per cent US-origin cotton, the 25 per cent tariff will not apply to that 50 per cent portion. This mechanism gives Bangladesh an incentive to integrate more US raw materials into its manufacturing supply chain.

Reports suggest that the Bangladeshi apparel industry is now actively working to double its imports of US cotton over the next year. This strategic shift aims to capitalise on the origin-based exemption built into the tariff policy, effectively enabling the country to maintain price competitiveness while accessing the US market with fewer trade barriers.

In light of this, Bangladesh's appeal as a sourcing destination is likely to grow among US buyers who are predominantly relying on India currently. With the prospect of reduced costs and fewer trade complications, the shift in orders may accelerate further.

Recognising the opportunity on offer, industry players in Bangladesh are reportedly calling for a coordinated strategy to cement this advantage. Calls for enhanced branding, targeted marketing, and stronger price negotiations are growing louder even as stakeholders are pushing for promotional efforts, particularly in the US, to position Bangladesh as a reliable, cost-effective, and duty-smart sourcing partner.

As the sourcing dynamics continue to shift, the coming months will be crucial in determining how regional textile economies reposition themselves amidst the changing global trade winds.

Source: fibre2fashion.com– Aug 21, 2025

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Effects of US policies adding downside risks to economy: S&P Global

The combined effects of US trade, immigration and federal government cost-saving policies are adding downside risk to an economy already slipping to below-trend growth and beginning to weigh on credit in the region that could then damp investor sentiment, according to S&P Global Ratings.

As the tariffs that took effect recently push the US effective tariff rate to more than 18 per cent—about eight times the 2024 rate of 2.3 per cent, inflation in the country may rise, the rating agency cautioned.

At the same time, parts of the tax and spending bill and lower interest rates will boost US economic growth in next year. A rebound in housing and non-residential investment amid lower interest rates will likely add to growth as next year progresses, S&P Global said in a release.

Newly implemented US trade, immigration and fiscal policies continue to cloud the outlook for many borrowers, with historically high tariffs and significantly diminished labour supply adding downside risk to an economy already slipping to below-trend growth, it noted.

The US economy is weaker than the headline 3-per cent real gross domestic product (GDP) growth reported for the second quarter. The annualised growth rate in the first half was 1.2 per cent— materially weaker than the 2.5 per cent last year.

All of this, combined with the effect of tariffs on the economic activity, will likely result in weaker consumer, business, and federal government spending in the second half of the year.

“We affirm our baseline forecast from June that economic growth will slow to 1.1 per cent year on year by the fourth quarter before moving back up to a trend-like 1.9 per cent by end of 2026,” S&P Global Ratings said.

The economic consequences of a diminished labour force are becoming increasingly visible in the United States. Net immigration is falling fast, self-deportation is rising and visa issuance has tumbled.

The workforce has reduced by 1.2 million people this July from last summer. While half of that number is due to an aging population, the other half likely reflects changes in immigration policy.

The tariffs that took effect this month will further erode consumer purchasing power, the rating agency added.

Source: fibre2fashion.com– Aug 21, 2025

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China holds loan prime rates steady as borrowing costs ease

China's one-year loan prime rate (LPR), the key market-driven benchmark for lending, was kept at 3 per cent, unchanged from the previous month. The over-five-year LPR, which serves as the reference for most mortgage rates, also held steady at 3.5 per cent, according to National Interbank Funding Center.

The weighted average interest rate on new corporate loans declined to about 3.2 per cent in July, down 45 basis points from a year ago. Similarly, the average rate for new home mortgages eased to around 3.1 per cent, marking a 30-basis-point drop.

China's 2025 government work report reaffirmed its commitment to pursuing a moderately loose monetary policy to support economic activity.

Source: fibre2fashion.com– Aug 21, 2025

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UK clothing exports decline by 3.69% Y-o-Y in June 2024

UK clothing exports declined by 3.69 per cent Y-o-Y to $377 million in June 2024, as demand from Europe weakened, costs rose and competition from Asian markets intensified.

This recent data point underscores a sustained downward trend in UK clothing exports since 2021, reflecting the ongoing challenges posed by post-Brexit trade frictions. The quarterly data for Q2, FY24 shows a 6.7 per cent Y-o-Y decline in total clothing exports at $1.09 billion. This is part of a broader trend where total UK goods exports have been declining, with a significant 18 per cent contraction in non-EU exports in June 2024 compared to the previous year.

While clothing exports have struggled, other sectors of the textile industry, such as textile fabrics and fibers, have shown more stability. For example, textile fabric exports declined by 3.6 per cent in June but saw a monthly increase. Similarly, fiber exports also saw a marginal increase.

For the UK textile and apparel industry to rebound, a renewed focus on diversification and value-added strategies is crucial. This is particularly important as the sector grapples with a decline in exports and a shift in consumer behavior toward more mindful consumption.

Source: fashionatingworld.com– Aug 21, 2025

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Cotton-Based FiberTect Wipe Promotes New Decontamination Process

Hybrid decontamination is quickly catching up as an established decontamination method to protect warfighters and defense equipment.

Blot, apply, and remove is the concept proposed by First Line Technology, based on Fredericksburg, VA. Dry wiping followed by chemical application enables successful decontamination.

FiberTect decontamination wipe was invented at the Nonwovens and Advanced Materials Laboratory at Texas Tech University. It is finding broader applications in not only cleaning up toxic chemicals such as mustard gas, but it is also able to adsorb finer particles like synthetic opioids. The United States's Army's recent evaluation report shows the advantages of such dry decontamination wipes.

Technology enables us to use different fibers as absorbent layers, while the core is high surface area nonwoven material. If raw cotton is used as an absorbent layer, it becomes oleophilic while bleached cotton provides different functionality.

Interest in using the FiberTect wipe and the hybrid decontamination technology is growing worldwide, according to First Line.

Washington DC's 33rd Civil Support Team recently conducted advanced training in Ponce, Puerto Rico, alongside federal partners and the DC Fire Department, featuring the hybrid decontamination technology with the FiberTect dry nonwoven wipe.

According to First Line Technology, the training exercise involved surveying, sampling, and analyzing pharmaceutical and nerve agent hazards, decontamination procedures, and contaminated personnel recovery.

Many countries are now adopting the hybrid decontamination process, which is proven effective, efficient, and economical without excessive use of chemicals.

"FiberTect is the best choice for an all-hazards Dry Decon solution," states Reggie Norton, Decon Tect Product Manager, First Line Technology. "From dry particulate to liquid chemical threats, FiberTect has a 95% threat removal rate and is effective against CWA, TIC's, and radiological contaminants."

FiberTect is a prime example of a Mind to Market concept, demonstrating the value of translational research at the university level with the support of the federal government.

Source: cottongrower.com– Aug 21, 2025

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US researchers replace harmful chemicals with eco-friendly cottonseed

Researchers of North Carolina State University have developed a sustainable method using cottonseed oil to finish cotton fabrics—offering a safer alternative to harmful chemicals like formaldehyde and PFAS. These new techniques aim to make fabrics smooth and durable without compromising environmental or human health. Taylor Kanipe, a graduate student at North Carolina State University, presented the findings at the ACS Fall 2025 meeting, highlighting a promising step toward eco-friendly textile production.

The process for harvesting cotton and creating fabric for textiles includes collecting the wispy cellulose fibres of the cotton boll, removing the cotton seeds interspersed in the fibres, spinning the cotton into yarn, weaving the yarn into fabric and then finishing the fabric with a variety of chemicals that alter its physical properties — for example, making it softer or wrinkle resistant.

Formaldehyde-based resins have traditionally been used as a fabric finishing agent. The sticky resin easily binds to cotton's cellulose fibres, forming chemical bridges to make the long cellulose fibres resistant to wrinkling or stretching. While formaldehyde is cheap, easy to use and highly reactive, at high concentrations it is considered a Class 1 carcinogen. Formaldehyde can also cause skin and respiratory irritation.?Fluorine-containing water repellent coatings create a hydrophobic surface to make cotton fabric water resistant. However, these coatings contain PFAS, such as perfluorooctane sulfonate and perfluorooctanoic acid, and are being phased out due to their persistent nature and potential link to health conditions, as per the study.

To eliminate the need for formaldehyde-based resins and PFAS in cotton fabric finishing, a group led by Richard Venditti, a professor of forest biomaterials, paper science and engineering at NC State, set out to create a green alternative by chemically altering seed oil from the cotton plant itself. Drawing on previous research at NC State, Kanipe, Venditti and colleagues took advantage of specific chemical properties in cottonseed oil to insert epoxy groups along the long carbon chains that make up the oil molecules. The epoxide group allows epoxidised cottonseed oil (ECSO) molecules to create strong chemical bonds with the cellulose fibres in cotton fabric and with each other, forming a polymer and making the fabric hydrophobic. The epoxy groups also create oil molecule bridges between the cellulose fibres, making the fabric resistant to wrinkling.

In addition to fabric finishing, ECSO could provide a use for the cottonseed oil harvested along with the cotton fibers, making it as inexpensive, easy to use and effective as formaldehyde resins.

“Epoxidised vegetable oils have a range of applications,” Kanipe explains. “While native cottonseed oil lacks the reactivity of formaldehyde-based resins, this simple epoxidation process produces a safer, more user-friendly alternative for applications like durable press finishes.”

The researchers weighed and chemically analyzed the ECSO-treated fabric using a type of infrared spectroscopy to ensure the ECSO molecules had successfully bonded to the fabric’s surface. To evaluate the finished fabric’s water repellent qualities, the researchers used a high-speed camera to measure the contact angle at which water droplets would interact with the cotton surface. The larger the angle between the water droplet and the surface of the fabric, the greater the water resistance. Untreated fabric showed no contact angle (in other words, the water was fully absorbed into the fabric), while ECSO-treated fabric showed a contact angle of 125 degrees, indicating a significant increase in water-repelling ability.

Future studies will measure additional performance factors in ECSO-treated cotton fabric, including tear strength, durability and wrinkle resistance. The team’s goal is to create a process of treating cotton with an ECSO water emulsion, a green process that does not require hazardous finishing substances.

“If we can achieve our goal of changing the properties of the cotton fabric — making it anti-wrinkle, anti-staining and water-resistant — using a water-based process, we’ll have a green process for putting a bio-based material onto cotton as a replacement for formaldehyde- and PFAS-based finishes,” says Venditti. This research was funded by Cotton Incorporated and an Agriculture and Food Research Initiative from the US Department of Agriculture’s National Institute of Food and Agriculture.

Source: fibre2fashion.com– Aug 22, 2025

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Cambodia's apparel exports to US dip slightly on tariff woes

Cambodia's apparel exports to the United States slipped slightly during January–July 2025, easing 0.72 per cent as tariff-related uncertainty dampened new export orders and shipments. Exporters faced hesitation from buyers after the US initially announced a steep 49 per cent tariff in April 2025, before President Donald Trump later reduced it to 19 per cent. The policy shift provided some relief but highlighted the vulnerability of Cambodia's garment industry to external trade measures.

During the seven-month period, Cambodia's apparel exports to the US were valued at $1,999.232 million, compared with $2,013.662 million in the same period last year, according to Sourcing Intelligence tool TexPro. The US accounted for 23.50 per cent of Cambodia's total garment exports of $8.506 billion, underscoring its position as the country's single-largest export market. In 2024, the US share was 23.37 per cent, with Cambodia exporting $3.999 billion worth of apparel to the market, while total garment exports stood at $17.110 billion.

Cambodia's exports to the US have been highly volatile in recent years, reflecting the combined impact of shifting trade policies, global demand fluctuations, and supply chain disruptions. Shipments dropped sharply by 24.81 per cent to $3.477 billion in 2023 from $4.624 billion in 2022, before rebounding with a 15.01 per cent increase in 2024. In earlier years, Cambodia's apparel exports to the US were valued at $2.817 billion in 2019, which rose to $3.055 billion in 2020 despite pandemic-related challenges, surged 21.51 per cent to $3.712 billion in 2021, and climbed 24.56 per cent to $4.624 billion in 2022.

Beyond the US, Cambodia has maintained a diversified export base, with Germany ($780.454 million, 9.17 per cent), Spain ($763.424 million, 8.97 per cent), Japan ($700.394 million, 8.23 per cent), and Canada ($586.671 million, 6.90 per cent) among its top markets in the first seven months of 2025. This diversification helps cushion the impact of tariff risks in the US but underlines the importance of policy stability in sustaining growth.

Source: fibre2fashion.com– Aug 22, 2025

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Bangladesh Ensure adequate gas supply to garment factories: BGMEA

The leaders of the Bangladesh Garment Manufacturers and Exporters Association (BGMEA) today urged the government to ensure an adequate supply of gas to industrial units so that apparel makers can fully utilise their production capacity.

They made the call in a meeting with Mohammad Saiful Islam, secretary to the Energy Division, at his secretariat office in Dhaka.

BGMEA President Mahmud Hasan Khan led his team at the meeting, where he urged the government to prioritise garment factories when giving new gas connections, according to a statement.

Source: thedailystar.net– Aug 20, 2025

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NATIONAL NEWS

Textile exports up around 4% on year in Apr-Jul FY26, readymade garment shipments spike around 8%

Ministry of Textiles stated in a latest update that India's textile and apparel sector has continued to demonstrate resilience in July 2025, recording a steady growth trajectory.

As per quick estimates released by the Directorate General of Commercial Intelligence & Statistics (DGCIS), exports of major textile commodities in July 2025 reached USD 3.10 billion, marking a 5.37% year-on-year growth compared to USD 2.94 billion in July 2024.

For the period April-July 2025, cumulative textile exports stood at USD 12.18 billion, reflecting a growth of 3.87% over the same period last year (USD 11.73 billion).

Readymade Garments (RMG) exports rose to USD 1.34 billion in July 2025, up from USD 1.28 billion in July 2024 (4.75% growth). Cumulative exports for April-July 2025 stood at USD 5.53 billion, compared to USD 5.13 billion last year (+7.87% growth).

Cotton Textiles (including yarn, fabrics, made-ups, and handlooms) exports reached USD 1.02 billion in July 2025, compared to USD 970.5 million in July 2024 (5.17% growth). Cumulative exports April-July 2025 stood at USD 3.88 billion, nearly unchanged from USD 3.89 billion last year.

Man-made Fibre (MMF) Textiles exports touched USD 422.0 million in July 2025, compared to USD 405.6 million last year (4.05% growth). During April-July 2025, exports amounted to USD 1.59 billion, up from USD 1.57 billion in the same period last year with a growth of 1.13%.

Jute Manufacturing (including floor coverings) exports climbed to USD 32.4 million in July 2025, compared to USD 25.6 million in July 2024 (26.35% growth). Cumulative exports stood at USD 126.1 million, up from USD 108.9 million last year (+15.78%).

Carpet exports grew to USD 133.0 million in July 2025, compared to USD 123.1 million last year (+8.05%). Over April-July 2025, exports stood at USD 503.9 million, up from USD 486.5 million registering 3.57% growth.

Exports of handicrafts reached USD 153.4 million in July 2025, compared to USD 139.4 million last year (+10.01%). Cumulative exports stood at USD 552.0 million, slightly higher than USD 546.9 million in the same period last year (+0.92%).

Source: business-standard.com– Aug 22, 2025

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Russia must import more pharma, agri, textiles from India to address ballooning deficit: Jaishankar

Russia must import much more from India, including items such as pharmaceuticals, agriculture and textiles, to address the glaring trade imbalance between the two counties, Minister of External Affairs S Jaishankar has said. It must also remove non-tariff barriers and other impediments.

"We reaffirmed our shared ambition to expand bilateral trade in a balanced and sustainable manner, including by increasing India's exports to Russia," Jaishankar said at a joint press conference with his Russian counterpart Sergey Lavrov in Moscow following their bilateral meeting on Thursday.

Jaishankar, who is on three-day visit to Russia, also met Russian President Vladimir Putin on Thursday. The Minister's visit is significant as this month US President Donald Trump announced 50 per cent tariffs on India, which includes 25 per cent levies as a sanction against its purchase of oil from Russia.

While India has refused to bow down before the US by stopping its purchase of discounted oil from Russia and there is general bonhomie over growing bilateral trade, it is concerned about its widening trade deficit with Moscow.

In FY25, Russia supplied goods, significantly oil, to India worth $63.7 billion while it imported goods worth just $4.88 billion leading to trade deficit ballooning to $59 billion. India's oil purchase from Russia shot up since the Western countries imposed sanctions on Moscow in early 2022 for attacking Ukraine.

Deficit ballooned

On Wednesday, in an interaction with Russian businesses, the Minister pointed out that while bilateral trade had grown in recent years (from pre-pandemic $10.1 billion to $ 68.7 billion in FY25), the trade deficit had also ballooned. He warned that the gap had to be narrowed for sustaining the high growth.

"Both the diversification and balancing of trade now urgently mandate more strenuous efforts on our part. At the end of the day, they are essential not just to reach higher trade targets but even to sustain the existing levels," he said.

Over the last two years, Indian government and exporters have pursued the matter diligently with the Russian government and industry listing out possible items of Russian interest that could be supplied and also the existing non-trade barriers.

"Senior officials from the Commerce Department, who are part of the visiting delegation to Moscow, also stressed on the need and ways to increase Russian imports from India in their interactions with Russian trade officials and ministers," a source, tracking the matter, said.

Jaishankar said that his discussions with Lavrov also focussed on steps to ensure long-term supply of fertilizers and supply of skilled work force from India to Russia. "Indian skilled workers, especially in IT, construction, and engineering, can address the labour needs in Russia and deepen collaboration. Sustaining energy co-operation through trade and investments is also important," he said.

Source: thehindubusinessline.com– Aug 22, 2025

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Shipping Ministry moves to launch ₹25,000-cr Maritime Development Fund, another ₹25,000-cr fund for ship building clusters in 3–6 months

India's Shipping Ministry is moving closer to setting up a ₹25,000-crore Maritime Development Fund (MDF). The Ministry is also working on a parallel proposal of around ₹25,000 crore for shipbuilding clusters, with exact outlay being under considering. Final clearances for these two are likely in the next 3–6 months.

Cabinet note preparations are underway.

The move comes even as Parliament overhauled maritime laws recently, paving the way for modern legislation and ease of doing business in the sector. Five Bills were passed, all aimed at replacing British-era maritime legislation, in the just-concluded Monsoon Session.

"In another three months, or at the most in six, Cabinet approval will be sought for the MDF," an official said.

Clearances have been received from the Expenditure Finance Committee (EFC), the source said.

In both cases, project financing is to be spread with a five-year time frame, as against the three or four-year limits proposed earlier.

"The idea would be to present a concerted policy ecosystem with fund support options to prospective investors. Basically, new legislation with detailed policy intervention," the source said.

Blended Finance Model

The Maritime Development Fund, aimed at boosting long-term financing for the shipping and port ecosystem, will adopt a blended finance model with the government retaining majority ownership.

According to people aware of the deliberations, 49 per cent of the financing will come as concessional capital from the government, routed through the Ministry of Ports, Shipping and Waterways and public sector undertakings, while the remaining 51 per cent will be commercial capital.

The government, however, proposes to retain ownership and control of the fund despite the blended structure.

The MDF will target low-cost, long-term financing for maritime infrastructure projects, catering to both major ports and private sector stakeholders. It will also allow multiple classes of financial instruments, offering varying risk-return profiles to attract domestic as well as overseas investors.

The Sagarmala Development Finance Corporation, a recently set up NBFC, could possibly be at the forefront of disbursals made through MDF.

The fund was announced in the Budget, earlier this year.

Officials said the fund is expected to draw participation from multilateral and bilateral institutions, sovereign wealth funds and other global investors.

Ship-building clusters

The move comes as India seeks to expand port capacity, strengthen coastal shipping, and create a globally competitive shipbuilding and ship-repair cluster to reduce dependence on foreign yards.

A similar blended finance model could be explored with central and state government contribution in the fund being around 49-51 per cent, including contributions from anchoring shipyards or major ports.

Shipbuilding clusters will be facilitated to increase the range, categories and capacity of ships. This will include additional infrastructure facilities, skilling and technology to develop the entire ecosystem, the official in the know said.

Odisha and Gujarat are two possible locations which are being discussed internally, with State governments (mostly in Gujarat) working on specific incentive schemes, the official said. For a third cluster, the States could either be Andhra or Tamil Nadu.

Industry executives noted that India's shipbuilding ambitions have lagged global leaders such as South Korea, China, and Japan, which dominate over 85 per cent of the world's shipbuilding capacity, largely on the back of state-backed financing and cluster-driven strategies. By contrast, India accounts for less than 1 per cent of global output, a gap the MDF is expected to help narrow by easing access to capital.

An indicative project pipeline is also being worked out, which would be presented to potential investors once the two funds are formally approved.

Source: thehindubusinessline.com– Aug 21, 2025

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India's cotton import duty cuts: Boon for industry and a message to the US

The government on Monday agreed to a long-standing demand of the textile industry to eliminate the 11 per cent duty on cotton imports, in a bid to soften the impact of high US tariffs on the labour-intensive sector, which is expected to take the hardest hit from the 50 per cent US levy.

However, the calibrated relief measure to eliminate the duty until September 30 could also help ease trade tensions with the US, as Washington is the second-largest cotton exporter to India and has been pushing for broader access to the Indian market during negotiations for a trade deal.

The Indian Express had reported on August 7 that the industry had suggested a duty cut on US cotton as one of the measures to sweeten the trade deal. Notably, Bangladesh had offered a similar concession to the US to enter into an agreement.

While the elimination of duty is largely aimed at addressing the challenges faced by the industry — ranging from steep US tariffs to high cotton prices — it also acts as a signal to US negotiators that India could be willing to negotiate imports of cotton from Washington, an industry executive said.

New Delhi-based think tank Global Trade Research Initiative (GTRI) said that almost all of India's $1.20 billion cotton imports in FY2025 were of staple length 28 mm or above and that under the India-Australia Economic Cooperation and Trade Agreement, 51,000 MT of such cotton already enters duty-free. This means the biggest winner from India's new duty-free window will be the US, GTRI said.

Import duty cut won't impact fresh orders

Industry executives said the duty cut, a step that had been resisted for years, was announced during the off-peak season so that it does not impact Indian farmers, as plucking of cotton starts from October and is offloaded in the market by March. The period between October and March is known as the peak season.

While welcoming the relief, exporters said that the import of raw cotton would only affect in-transit shipments, since the period of relief is too short to influence fresh orders. Seeking an extension, exporters argued that the measure could help India to retain other markets such as the UK and EU, but not the US.

An analysis by the Confederation of Indian Textile Industry (CITI) said US textile and apparel imports have begun surging from countries such as Vietnam and Bangladesh.

"In June 2025, the US' textile and apparel (T&A) imports from Vietnam and Bangladesh surged significantly by 26.2 per cent and 44.6 per cent, respectively, over June 2024, reflecting strong momentum in sourcing from these countries," CITI said.

India, after a promising performance in the first quarter of 2025, witnessed a notable slowdown in T&A exports to the US. In June 2025, India's exports grew by only 3.3 per cent compared to June 2024 — much lower than its earlier growth trajectory and significantly below competitors such as Vietnam and Bangladesh, CITI said.

Meanwhile, China continued to see a sharp decline in June 2025, with US imports from China dropping by 41 per cent compared to June 2024 — extending the downward trend observed since April 2025, the industry body said.

India's textile sector is dominated by cotton. The cotton value chain provides direct employment to nearly 35 million people and contributes around 80 per cent to India's total textile exports. India aims to more than double textile and apparel exports to $100 billion by 2030.

Source: business-standard.com– Aug 20, 2025

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Indian minister calls for addressing trade imbalance with Russia

Indian external affairs minister S Jaishankar yesterday discussed in Moscow the challenges posed by 'tariff and non-tariff trade barriers' to his country's trade with Russia, calling for an 'early conclusion' of a free trade agreement (FTA) between India and the Eurasian Economic Union (EEU).

The EEU bloc comprises Russia, Armenia, Belarus, Kazakhstan and the Kyrgyz Republic. India's annual trade with the EEU was worth $69 billion in 2024.

While attending the 26th session of the India-Russia Inter-Governmental Commission for Trade, Economic, Scientific, Technological and Cultural Cooperation (IRIGC-TEC), Jaishankar also raised the issue of India-Russia trade imbalance that has expanded in the past few years as India's trade with Russia grew from $13 billion in 2021 to $68 billion in 2024-25.

The earlier trade imbalance of $ 6.6 billion has risen to $58.9 billion. "So, we need to address that urgently," said Jaishankar in his opening remarks. The Russian delegation was led by first deputy prime minister Denis Manturov.

"Tariff and non-tariff trade barriers, removing bottlenecks in logistics, promoting connectivity through the International North-South Transport Corridor, the Northern Sea Route and the Chennai-Vladivostok Corridor, effecting payment mechanisms smoothly" are the main issues before the IRIGC-TEC, Jaishankar said.

The Moscow meeting also finalised the terms of reference of the India-EEU FTA, he said. "..we are all acutely aware that we are meeting in the backdrop of a complex geopolitical situation. Our leaders remain closely and regularly engaged," Jaishankar was quoted as saying by an Indian media outlet. Russia expressed its willingness to export liquefied natural gas to India, in addition to oil. It is keen to expand cooperation with India in the nuclear energy sector.

Source: fibre2fashion.com– Aug 21, 2025

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India & EAEU sign terms of reference to begin FTA negotiations

India and the Eurasian Economic Union (EAEU) have signed the Terms of Reference (ToR) to launch negotiations on a Free Trade Agreement (FTA) in Moscow.

The ToR was signed by additional secretary, department of commerce, government of India, Ajay Bhadoo, and deputy director, trade policy department, Eurasian Economic Commission (EEC), Mikhail Cherekaev.

During his visit Ajay Bhadoo also called on minister in charge of trade, EEC, Andrei Slepnev. The heads of negotiation groups apprised the Minister about the milestone achieved with the signing of the ToR and discussed next steps to formally launch the negotiation process, including organisational aspects of the future trade deal.

Both sides noted the growing trade turnover between India and the EAEU, comprising Armenia, Belarus, Kazakhstan, Kyrgyz Republic and the Russian Federation, which stood at $69 billion in 2024, registering a 7 per cent increase over 2023.

With a combined GDP of $6.5 trillion, the proposed FTA is expected to expand market access for Indian exporters, support diversification into new sectors and geographies, enhance competitiveness against non-market economies, and deliver significant benefits to Micro, Small and Medium Enterprises (MSMEs), Ministry of Commerce & Industry said in a release.

The ToR provides the framework for negotiations and is expected to unlock untapped trade potential, increase investments and establish a stronger, durable India–EAEU economic partnership. Both sides reaffirmed their commitment to the early conclusion of the agreement and to building a long-term institutional framework for trade cooperation.

Source: fibre2fashion.com– Aug 21, 2025

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Press Release: Ministry of Textiles

- Government Exempts Customs Duty On Cotton Imports Until 30th September 2025
- HANDLOOM WEAVERS
- CLIMATE SMART AGRO TEXTILE DEMONSTRATION CENTRE
- PROMOTING CRAFT CLUSTERS
- CONTRIBUTION OF TEXTILE INDUSTRY IN INDUSTRIAL PRODUCTION
- SUPPORT CLEAN TECH MANUFACTURING

Source: pib.gov.in– Aug 19, 2025

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GST reform will help exporters

Textiles, auto component makers will benefit, if the proposed rate cuts come into effect

One measure that will surely provide some respite to middle-class budgets is Prime Minister Narendra Modi's proposal to the GST Council to reduce goods and services (GST) slab rates from the current four-tier structure of 5 per cent, 12 per cent, 18 per cent, and 28 per cent to a simplified two-tier system of 5 per cent and 18 per cent.

There will be another special tax rate for 'sin' goods, which is already in place. Many developed countries, such as Australia, Canada, New Zealand, and Japan, have a single GST rate, typically ranging between 5 per cent and 15 per cent. Higher multi-layered GST slabs always have the unintended consequence of dampening consumption and negatively impacting businesses.

Reforms in the GST framework are a welcome move, as the goods and services tax on items of daily consumption is likely to come down, if and when the GST Council approves the proposal.

According to the specifics of the proposal that have been circulated among sections of the media, most items such as textiles and apparel, agricultural machinery, automotive components, healthcare and insurance products, and Fast-Moving Consumer Goods (FMCG) and retail sectors are likely to come down.

Multiplier effect

A lower GST will have a subsequent multiplier effect because of lower reduced logistics costs and simplified compliance. Most items under consideration are price elastic in nature, and a lowering of prices will increase demand and create employment. More importantly, when Trump's tariffs are creating disruptions in global trade, it will make India's exports more competitive.

Let us examine the impact of reduced GST rates on two important sectors, — textiles and automotive components. India is the largest producer of cotton in the world, and the textile and apparel industry is crucial for job creation and exports. This industry employs around 40 million people.

As of now, apparel items below ₹1,000 attract a GST of 5 per cent. For apparel items exceeding ₹1,000, the GST rate is 12 per cent. Even this low indirect tax can be detrimental to export competitiveness, thanks to inverted duties. It is important to note that no input tax credit can be claimed in the case of inverted duty, where tax on input is higher than the output. Textile manufacturers also need to invest in value added services such as marketing, warehouse rentals, logistics, courier, and other product fulfilment costs; these additional activities attract on average a GST rate of 18 per cent.

The tables demonstrate how a higher average GST rate on 'inverted duty' inputs can increase prices by up to 7 per cent. For example, from Table 1, we find, courier costs, packaging costs, payment gateway costs, marketing costs, warehousing manpower costs add up to ₹36. An average 12 per cent GST on inputs of ₹36 is ₹4.32, which is ₹2.52 (or 7 percentage points) more than if the average GST rate on inputs were fixed at 5 per cent. The result is the same whether we consider apparel products less than ₹1,000 (5 per cent GST on output) and/or more than ₹1,000 (12 per cent GST on output). The current system is detrimental to export competitiveness as it raises final prices.

Costs of Goods Sold (COGS) is how much it costs to produce goods and includes direct material and labour expenses that go into production of each apparel. COGS does not include indirect costs such as overheads and marketing. For the apparel products, the higher GST rate of 12 per cent on average for value added services as opposed to, say, 5 per cent on value added services (such as marketing) increases the net sale price by 4.4 per cent.

For the apparel product priced at ₹1,200, the corresponding figures for tax payment are ₹144 (with 12 per cent GST) and ₹60 (with 5 per cent GST), respectively. This is over and above the higher taxes in the event of inverted duty.

Additionally, the apparel industry which is into exports also suffers from refund of input tax credit. Since, March 2019, the government introduced Rebate of State and Central Taxes and Levies (RoSCTL) to refund the input tax. However, apparel industry owners still complain of an inability to get this refund on account of lack of coordination between the Ministry of Finance and Ministry of Textiles.

Additional costs

When one includes interest costs, delayed payments, and COGS, a higher GST rate of 18 per cent on inputs translates to an additional cost of 8 per cent, which will certainly make our apparel items uncompetitive. The story holds for manufacturers of aluminium automotive components. Aluminium automotive parts are finished products which are made with raw aluminium.

How GST makes apparel industry uncompetitive**

	Product price less than ₹1,000				Product price more than ₹1,000			
Particulars	%	Amount (₹)	GST rate	GST amount	%	Amount (₹)	GST rate	GST amount
Average selling price		600	5%	30		1,200	12%	144
Net selling price	100%	570			100%	1,056		
Less: Costs of goods sold on income statement	67%	382			67%	708		
Input GST purchase*			5%	19			5%	35
Less: Courier costs	9%	51	18%	9	9%	95	18%	17
Packaging costs	2%	11	5%	1	2%	21	5%	1
Payment gateway costs	1%	6	18%	1	1%	11	18%	2
Marketing costs	21%	120	18%	22	21%	222	18%	40
Warehousing manpower costs	3%	17	18%	3	3%	32	18%	6

*inverted duty not applicable **Author's calculations

The government has protected the raw aluminium industry (aluminium articles and thereof: Chapter 76) by imposing a custom duty in excess of 7.5 per cent. If one were to add the ad valorem and special duties, the figure goes beyond 10 per cent, which makes Indian manufacturers producing final aluminium products such as automotive components and agricultural machinery less competitive in the global market.

Additionally, the GST rate on aluminium automotive products is 28 per cent, which is the highest GST slab rate. The high GST structure lowers the trade margin for the makers of aluminium automotive products. This makes the business unsustainable even in the domestic market. For example, Chinese governments give 16 per cent subsidy to manufacturers of final aluminium automotive products, making the Chinese firms competitive in the world market. The proposed reforms in the GST framework are a welcome move. Even for sectors such as health insurance, this will bring down the cost. Forty crore Indians are not covered by health insurance. Most lower and middle-income households will also get respite as prices of FMCG items fall. The proposed sGST reform can boost the economy as well as exports.

Source: thehindubusinessline.com– Aug 21, 2025

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Goods exports to China rise 20% to $5.8 billion during April-July

New Delhi: India's goods exports to China in the first four months of FY26 rose 20% year on year at $5.76 billion, or about ₹50,112 crore, with each month recording higher shipment than a year earlier, official data showed.

India posted the highest exports at $1.63 billion in May, up from $1.32 billion in the corresponding month in 2024. "The consistent month-on-month edge over last year highlights India's improved trade performance with China and India's growing export competitiveness even as fluctuations reflect global trade conditions and seasonal variations in demand," an official said.

The trend reinforces the sustained growth trajectory of India's exports to China despite global trade uncertainties, the person added.

Exports in April rose to $1.39 billion from $1.25 billion a year earlier, while in June, they were 17% higher on year at $1.38 billion. In July, India shipped $1.35 billion worth of goods to China, against $1.06 billion in July 2024.

The steady growth in exports also signals a gradual rebalancing of trade between the two Asian economies, where India has traditionally faced a large trade deficit. India's trade deficit with China was $99.2 billion in FY25.

As per the data, India's export growth to China in April-June 2025 was powered by a strong performance across energy, electronics, and agri-based products. Petroleum products exports nearly doubled to $883 million while electronic goods surged more than threefold to $521 million, reflecting strong demand from China's industrial and consumer segments.

Organic and inorganic chemicals exports rose 16.3% at $335.1 million while a 72.7% rise was seen in gems and jewellery exports. New Delhi's top imports from Beijing are pharmaceuticals, electronics and semiconductors, machinery, industrial goods, chemicals and plastics.

Source: economictimes.com– Aug 21, 2025

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Indian textile sector braces for increased Chinese imports amid diplomatic thaw

Following high-level diplomatic engagements between Indian External Affairs Minister S. Jaishankar and Chinese Foreign Minister Wang Yi, a new chapter appears to be opening in the India-China trade relationship. While a basic summary of the meeting points to a renewed focus on dialogue to ease border tensions, the most concrete outcome on the trade front has been China's decision to lift export restrictions on key commodities, including rare earth magnets and fertilizers.

This strategic shift is being closely watched by India's textile and apparel sector, where analysis indicates that while there may be some benefits, the most likely outcome is a further increase in imports from China, particularly of raw materials and machinery.

The Economic Reality: Increased imports are likely

The fundamental reason for this lies in the sheer scale and efficiency of China's textile industry, which far surpasses India's. This dominance creates a trade dynamic where India relies heavily on China for crucial inputs, a reliance that is only set to deepen with the lifting of export curbs.

The bilateral trade reality and the case for caution

While the new developments could help Indian textile manufacturers become more price-competitive in the global market, particularly in Western countries that are seeking to diversify their supply chains, the direct bilateral trade with China remains a significant challenge.

Analysts argue that with its colossal production capacity, China is in a prime position to increase its exports of cheaper finished goods to India. This could exacerbate the existing trade surplus and pose a direct threat to India's domestic manufacturing base.

Tirupur and Surat industries' heavy import dependence on China

The knitwear cluster in Tirupur and the synthetic textile industry in Surat both rely heavily on raw material imports from China. The recent developments could indeed stabilize their supply chains for inputs like yarns and dyes.

However, this same opening exposes them to fierce competition from cheaper Chinese finished goods. This underscores a crucial point: the lifting of restrictions benefits India's ability to produce competitively for global markets but does not inherently provide an advantage for exporting finished goods directly to the Chinese market. Instead, it makes the Indian market a more attractive destination for China's products.

Click here for more details

Source: fashionatingworld.com– Aug 21, 2025

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MLC demands withdrawal of 5% GST on handloom and handicraft products

Bharat Rashtra Samithi (BRS) MLC L. Ramana has demanded that the Centre withdraw the 5% GST on handlooms and handicrafts to help weavers and artisans, who have been bearing the brunt of the tax since 2017.

In a letter addressed to Union Finance Minister and GST Council Chairperson Nirmala Sitharaman on Thursday, Mr. Ramana stated that the prices of handloom products have gone up due to the 5% GST on yarn, resulting in weavers losing customers. He pointed out that cotton is taxed at 5%, while yarn attracts 12%, and synthetic fibres and chemicals are taxed at 18%.

Due to increased production costs, handloom weavers are unable to compete with powerloom weavers and mills. He noted that the GST filing process is complicated and financially burdensome for traditional weavers.

In another letter addressed to Chief Minister A. Revanth Reddy, the MLC demanded that the State government bear the GST burden, recalling Congress leader and Leader of Opposition in the Lok Sabha Rahul Gandhi's poll promise to do so.

He observed that weavers who are losing money due to GST are being forced to abandon their traditional profession and migrate to other places for livelihood.

Source: thehindu.com – Aug 21, 2025

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