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Currency Watch			
USD	EUR	GBP	JPY
87.40	102.36	118.16	0.59

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INTERNATIONAL NEWS

AAFA, CFDA, CBA welcome US-EU framework on reciprocal trade

The American Apparel & Footwear Association (AAFA), the Council of Fashion Designers of America (CFDA), and the Consumer Brands Association (CBA) have welcomed the new United States-European Union Framework on Reciprocal, Fair, and Balanced Trade.

In a joint statement, AAFA president and CEO Steve Lamar and CFDA president Steven Kolb expressed gratitude to US President Donald J Trump, EU President Ursula von der Leyen, and their negotiating teams for ensuring that the new 15 per cent reciprocal rate will not be stacked on top of the already high most-favoured nation (MFN) tariffs.

They stressed that this measure would provide much-needed relief to the US fashion industry, which has long faced steep duties on imports of inputs, equipment, and finished goods.

“We are urging the US 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 US workers as we design, make, market, and sell safe, affordable, authentic, and responsibly made clothes, shoes, and accessories,” they added.

Meanwhile, CBA president and CEO Melissa Hockstad also lauded the agreement. “Consumer Brands applauds the Trump administration and EU leaders for advancing trade negotiations that will reduce tariff and non-tariff barriers for American companies. The administration’s recognition of unavailable natural resources from the EU is a critical step in strengthening common-sense America First trade policy that will benefit US manufacturers and consumers,” she said.

She further emphasised that, being the largest domestic manufacturing employer, the consumer-packaged goods industry urged US and EU officials to expedite the implementation of an ambitious trade deal.

Source: sourcingjournal.com– Aug 21, 2025

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The fragmented future of global trade

Over the past four to five months, the global economy has undergone massive changes, creating uncertainty in international trade, intensifying trade conflicts, and triggering retaliatory measures. Bilateral trading frameworks have gained momentum, disproportionately harming developing countries that face higher tariffs.

While developed countries had committed to following WTO-led trading rules, the bilateral nature of reciprocal tariffs—bypassing multilateral systems—raises fears of a broader trade war that could disrupt markets and reduce trade volumes for poorer nations. The WTO anticipates a 2.7% increase in world merchandise trade volume, slightly above its prior estimate of 2.6%. However, its 2025 forecast has been revised downward to 3% from the earlier 3.3%.

The logic behind the introduction of "reciprocal tariffs" by the US government was based on the idea that US trade partners should face tariffs equivalent to those imposed on American goods. This has had long-lasting implications for the global geopolitical and economic order. Instead of relying on global trade rules, Trump pursued bilateral negotiations, creating a more fragmented trade environment.

Even countries that had signed free trade agreements (FTAs) with the US faced new tariffs. The US has FTAs with 20 countries, yet reciprocal tariffs—at varying rates—have been imposed on them, undermining confidence in both FTAs and preferential trade agreements (PTAs).

For example, although Korea has an FTA with the US, a 15% reciprocal tariff was imposed, leading Korea to agree to create a USD 350 billion fund to invest in the US. Other countries are beginning to follow suit.

In essence, Trump's reciprocal tariff policy marked a turning point: accelerating the decline of US-led globalisation, strengthening regional blocs, and deepening strategic rivalry with China—all of which continue to shape the geopolitical landscape today. Smaller economies face even greater challenges, particularly countries like Bangladesh, which depend heavily on a few export products and limited markets.

Initially, the policy was viewed as the US reacting to China's rapid rise and gradual takeover of global leadership. The US–China trade war escalated as tariffs were imposed and counter-imposed, extending beyond economics into technology, supply chains, and security, thereby cementing strategic competition between the world's two largest economies.

However, the dynamic shifted when China retaliated by restricting exports of rare minerals—such as tungsten, antimony, graphite, magnesium, and bismuth. These materials are critical for electric vehicles, wind turbines, consumer electronics, and clean energy technologies. Their restriction caused an immediate impact on share markets, a fall in the US dollar, and rising interest rates. As a result, Trump softened his stance and began signing bilateral agreements with China, although tariffs remain higher than before.

US–EU bilateral trade has also undergone several revisions. Finally, the US agreed to a joint statement with the EU on reciprocal tariffs, effective from 1 September 2025. The US committed to applying only the MFN tariff on certain products unavailable domestically, including cork, aircraft and aircraft parts, generic pharmaceuticals and their ingredients, and chemical precursors from the EU. Both parties also agreed to consider other sectors and products critical to their economies for similar treatment. They will negotiate rules of origin to ensure that the benefits of the Reciprocal Trade Agreement are maintained.

Meanwhile, the EU committed to procuring LNG, oil, and nuclear energy products, and to cooperating on technology security to prevent leakage. Both sides pledged to support each other's investments across sectors, with the EU also committing to military equipment procurement, reducing non-tariff barriers, and working towards common standards for a transatlantic marketplace. Furthermore, the EU will address the interests of US SMEs under the EU Green Deal by maintaining standards for circularity and sustainability while greening its economy.

The US and EU also pledged greater cooperation on export restrictions imposed by third countries on critical minerals and other resources. They reaffirmed commitments to intellectual property rights, labour rights, and a moratorium on customs duties for electronic transmissions, supporting efforts to make this a permanent global standard at the WTO. Similar requests have been made by the US to Indonesia and may be tabled at the upcoming 14th WTO Ministerial Conference in Cameroon on 26 March.

These framework agreements reveal a pattern: countries are agreeing to import large volumes of US products, address non-tariff barriers, strengthen IPR and labour rights, and increase US-bound investment. A notable clause requires countries not to restrict exports of rare natural resources unavailable in the US but critical for its industries. This leaves countries without such resources with limited bargaining power in negotiations.

As international trade dynamics shift, smaller countries are likely to suffer most. Many have turned to regional trade agreements such as the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) and the Regional Comprehensive Economic Partnership (RCEP) to reduce reliance on the US market. Europe and Asia are diversifying trade routes, boosting cooperation with China, and hedging against American unpredictability.

For developing economies, the impact is substantial. Export-dependent nations in Asia, Africa, and Latin America face volatility due to disrupted supply chains. Some countries have benefited by positioning themselves as alternative suppliers—Vietnam in electronics, Mexico in manufacturing—but these are exceptions.

Tariff policies have reinforced economic nationalism, encouraging protectionist measures worldwide. This has heightened geopolitical polarisation, with countries aligning more closely with either the US or China in both economic and technological spheres. The consequences are both short and long term: trust in the US as a reliable trade partner has eroded, supply chains are decoupling, and the Indo-Pacific region is emerging as the centre of new geopolitical rivalries.

The ripple effects are especially pronounced in developing economies. While some gained from new investment, most faced uncertainty. Overall, reciprocal tariffs eroded confidence in US predictability, pushing allies and adversaries alike towards diversification and fostering a multipolar trade landscape.

Trump's reciprocal tariff policy was not merely an economic manoeuvre but a catalyst reshaping the global order. By undermining multilateralism, intensifying great-power rivalry, and fuelling protectionism, the policy accelerated the decline of US-led globalisation and laid the foundations for a more fragmented and contested world system.

Bangladesh has yet to sign a bilateral agreement but has nonetheless made commitments to reduce its trade deficit with the US, which exported about USD 3.05 trillion in 2023. By contrast, Bangladesh's exports amounted to only USD 8.56 billion—just 0.28% of US exports. Dhaka's pledge to import expensive goods from the US has already drawn criticism, and it faces looming competition in its largest export market, the EU, as redirected exports from China, India, and others seek a bigger share.

The overall geopolitical landscape is shifting rapidly. With the addition of reciprocal tariffs to the existing pressures of AI-driven competition, critical resource conflicts, and climate change–induced scarcity, instability is deepening. In this multipolar world—where a growing number of powerful actors are locked in rivalry—technological competition threatens to undermine international cooperation. Countries like Bangladesh must tread carefully, deploying expert teams to monitor these changes and feed insights into policy formation.

Source: tbsnews.net– Aug 24, 2025

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UK manufacturing output volumes fall in quarter to Aug: CBI survey

UK manufacturing output volumes fell at a sharp pace in the quarter to August, after being broadly flat in July, according to the latest industrial trends survey by the Confederation of British Industry (CBI). Output decreased in 14 out of 17 sub-sectors in the quarter.

Manufacturers expect output to fall again over three months to November.

Total and export order books were both reported as below 'normal' and were below their long-run averages. Stocks of finished goods were more than adequate in August, but that adequacy stands below the long-run average.

Meanwhile, expectations for selling price inflation eased noticeably in August, with the expected pace of growth in selling prices over the coming quarter the weakest since October and around its long-run average, a CBI release said.

Total order books dropped by 33 per cent in August from a 30-per cent drop in July.

Export order books fell by 33 per cent in August from of 21 per cent in July. The balance also stands below the long-run average at minus 19 per cent.

Expectations for average selling price inflation eased in August. August's expectations were the weakest since October 2024 and stand close to the long-run average at plus 7 per cent.

Stocks of finished goods were reported as more than 'adequate' in August (plus 7 per cent from plus 14 per cent in July). The level of stock adequacy is below the long-run average at plus 12 per cent.

"Manufacturers report that rising costs are squeezing margins and leaving customers more cautious, which in turn is hitting orders and weighing on output. With weak demand compounded by trade frictions and policy uncertainty, the outlook for UK manufacturers remains challenging," CBI lead economist Ben Jones said.

"Against this backdrop, the upcoming Autumn Budget is a pivotal moment to shore up business sentiment. The government must provide business tax certainty and further Growth and Skills Levy flexibility, accelerate industrial and infrastructure strategy implementation, and broaden support to tackle uncompetitive energy prices," he added.

Source: fibre2fashion.com– Aug 24, 2025

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French consumers blinded by fast fashion's allure: Study

A recent study on French consumer habits in the fashion industry throws up a concerning picture, suggesting that the allure of ultra-fast fashion and fast fashion is leading consumers to spend more, acquire an excessive number of items, and even compromise on health and quality, often without realizing the true extent of their consumption. The study highlights prêt-à-porter (ready-to-wear) as the more economical and sustainable choice, despite prevalent misconceptions.

The true cost of ‘cheap’ fashion

The report indicates a disparity in annual clothing budgets among different consumer groups. While prêt-à-porter consumers spend an average of €330 annually, those opting for fast fashion and ultra-fast fashion spend considerably more, at €442 and €446 respectively. Consumers of an unspecified category (likely a blend or other fashion type) spend €613, and another unspecified group (possibly higher-end fast fashion or a hybrid) spends €688. The highest annual expenditure of €810 is observed in a category not explicitly defined but distinct from the others presented.

Data represents annual clothing budget spent by French consumers for themselves and their children, according to their consumption mode. Contrary to the marketing claims of companies like Shein, ultra-fast fashion is not the economic ‘eldorado’ it purports to be for the most budget-conscious consumers.

In fact, consumers of fast fashion allocate an apparel budget twice as large as those who buy prêt-à-porter, for both themselves and their children. Prêt-à-porter is presented as a more responsible, higher quality, durable, and economical investment, making it a more virtuous choice for modest consumers.

The illusion of consumption, underestimation and regret

One of the most striking findings is the profound disconnect between perceived and actual consumption in the ultra-fast fashion segment. Consumers of ultra-fast fashion significantly underestimate their real consumption by half (-2.1 per cent), declaring 97 pieces when approximately 200 pieces are found. This phenomenon is attributed to "malicious strategies" employed by ultra-fast fashion brands that "extinguish consumers' awareness," manipulating them into "automatic mode" purchasing. Despite this, 35 per cent of Shein's customers in France acknowledge that the quantity of items in their wardrobes has increased annually since they started purchasing from the Chinese brand.

The study also reveals a high degree of buyer's remorse among ultra-fast fashion consumers. Nearly half (48 per cent) regret their purchases after having bought clothes on an ultra-express fashion platform.

This regret is often due to the "disposable fashion" nature of these items, which saturate wardrobes with unused clothing because of their disappointing quality, shoddy finishes, and perishable style. In contrast, the immediate product experience offered in physical boutiques is identified as a competitive advantage for prêt-à-porter.

Click here for more details

Source: fashionatingworld.com– Aug 22, 2025

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16% UK trading bizs report increased turnover MoM in Jul 2025: ONS

Sixteen per cent of trading businesses in the United Kingdom reported increased turnover month on month (MoM) in July this year—broadly stable from June—while 24 per cent reported their turnover had decreased, also broadly stable over the same period, according to the Office of National Statistics (ONS).

Around 15 per cent reported that they expect their turnover to decrease in September this year, decreasing by 5 percentage points (pps) compared with expectations for August. In comparison, 15 per cent reported that they expect their turnover to increase, broadly stable with expectations for August.

Economic uncertainty was the most reported challenge affecting turnover for trading businesses in early August 2025 at 25 per cent, down by 7 pps from early April (32 per cent). For businesses with 10 or more employees, the most commonly reported challenge was cost of labour at 36 per cent, down by 6 pps over the same period.

Around a quarter of trading businesses reported an increase in the prices of goods or services bought in July 2025 compared with the previous month; this is broadly stable with June but down by 7 pps from April, an ONS release said.

Around 12 per cent trading businesses expect the prices of goods or services they sell to increase in September 2025, down by 12 pps from April (24 per cent). Twenty-two per cent of all businesses and 37 per cent of businesses with 10 or more employees cited labour costs as a reason for considering price rises.

Seventeen per cent of businesses with 10 or more employees reported that they experienced worker shortages in early August 2025, which is broadly stable with early July and has steadily declined since early June 2022 (36 per cent).

Source: fibre2fashion.com– Aug 25, 2025

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Brazil exports 2.83 million tons of cotton lint in MY24/25

According to the Brazilian Cotton Growers Association (Abrapa), Brazil concluded the MY24/25 spanning from August–July with record-breaking exports of 2.83 million tons of cotton lint. This represents a 5.8 per cent increase over the previous season, solidifying Brazil's position as the world's leading cotton exporter. The total export revenue for the year reached $4.85 billion.

The top three export destinations were Vietnam, Pakistan, and China, which together imported 1.48 million tons, accounting for 52 per cent of Brazil's total shipments. Vietnam was the largest buyer, with 532,490 tons, followed by Pakistan (494,114 tons) and China (458,905 tons).

Despite the record annual numbers, exports in July 2025 declined sharply. Brazil exported 127,000 tons of cotton during the month, a 24 per cent Y-o-Y decline, generating $205 million. The largest buyers in July were Turkey, Bangladesh, and Vietnam.

Looking ahead, Brazil's 2025 cotton crop is projected to rise by 7 per cent to 3.96 million tons. The estimated planting area increased by 10.3 per cent to 2.14 million hectare. However, average yields are expected to decline by 2.9 per cent to 1,849 kg/ha.

In other news, Abrapa hosted the first 'Brazilian Cotton Dialogues,' in July. This five-day event brought global stakeholders to farms in Brazil's main cotton-producing states. Attendees praised Brazil's large-scale operations, advanced fiber quality controls, regenerative farming practices, and the significant environmental preservation efforts by growers.

Source: fashionatingworld.com– Aug 22, 2025

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Kenya seeks trade pact with US ahead of AGOA expiry

At a time when Kenya is facing new trade tariffs imposed by President Donald Trump and the African Growth and Opportunity Act (AGOA) is scheduled to expire next month, Kenya took a step ahead in signing a reciprocal trade pact with the United States.

Kenyan trade cabinet secretary Lee Kinyanjui led a high-level delegation recently to Washington, DC, for talks with US trade representative (USTR) Jamieson Greer. The Kenyan government termed the meeting a key step toward securing a formal trade pact.

The discussions were built on earlier engagements Kinyanjui held with Greer in March 2025 and a separate round of talks held by prime cabinet secretary Musalia Mudavadi in May, Kinyanjui said.

"Kenya is deeply interested in the commencement of formal negotiations with the United States Government. A reciprocal trade agreement is crucial for securing long-term access to the US market for Kenyan products and will provide the stability needed to unlock new investments," Kinyanjui was quoted as saying by domestic media reports.

Several US firms had expressed interest in establishing or expanding their presence in Kenya, he said, adding that a structured framework would make them confident to move forward.

US-Kenya trade stood at $1.5 billion in 2024.

Kenya has been chasing a trade pact with the United States since July 2022, when it announced its intention to negotiate a strategic trade and investment partnership with the latter.

Source: fibre2fashion.com– Aug 23, 2025

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Vietnam imports over $100 billion in Chinese goods in 7 months

Chinese imports account for over 40% of Vietnam's total, with electronics, machinery, and textiles driving the surge.

According to preliminary data from the General Department of Customs, Vietnam's imports from China reached an impressive $101.4 billion in the first seven months of 2025 - up by more than $21 billion compared to the same period last year. This 27% year-over-year growth far outpaces the national average import growth rate.

With this increase, the proportion of Chinese goods in Vietnam's total import turnover has climbed from 37.3% to 40.2%, solidifying China's position as Vietnam's largest import partner.

At the top of the import list are computers, electronic products, and components. In just seven months, Vietnam spent $28.5 billion importing this category from China - marking a 46.7% increase over the same period last year.

Following closely are machinery, equipment, tools, and spare parts, with an import value of $21.3 billion, up 35.5%. This growth is significantly higher than the average national growth rate for the same group of goods.

Beyond high-tech imports, several other product categories from China also recorded import values in the billions of dollars. For instance, mobile phones and components reached $5.1 billion (up 10.6%), fabrics neared $6 billion, textile and footwear materials hit $2.44 billion (up 12.8%), and textile fibers totaled $1.1 billion (up 14.4%).

These figures highlight a clear recovery in Vietnam's textile and footwear industries - key export sectors that heavily rely on raw material imports from China.

In addition, imports of plastic products from China reached $3.6 billion (up 31.2%), while plastic raw materials stood at $2.2 billion (up 24.4%).

One notable surge was in automobile imports. In just seven months, Vietnam spent nearly $888 million on fully assembled cars from China - an astonishing 70.42% increase. Meanwhile, imports of auto parts and components hit $1.1 billion, up 74.7% - a record spike that reflects increased domestic demand and a growing trend of shifting auto supply chains toward China.

Other categories that posted triple-digit growth in import value from China include edible oils, precious stones and metals, fragrances, cosmetics, and hygiene products.

Meanwhile, Vietnam's exports to China during the same period reached $35.02 billion, up 7.8% or $2.5 billion year-over-year. As a result, Vietnam posted a trade deficit of approximately $66.4 billion with China.

Though this import surge is helping maintain production supply chains in sectors like electronics, machinery, textiles, and automobiles, experts have cautioned that Vietnam must accelerate the development of its domestic supporting industries. At the same time, it should diversify its import partners - particularly from South Korea, Japan, ASEAN, and India - to reduce risks and achieve a more balanced trade relationship globally.

Source: vietnamnet.vn– Aug 25, 2025

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South Africa's Garment and Textile Workers Call for Just Transition

Apparel, footwear, leather and textile workers in Eswatini and South Africa are pushing for a just transition from fossil-fuel-reliant industries to low-carbon economies that promote fair and equitable employment.

Convening at a workshop in Durban, South Africa, last week, nearly three dozen union leaders, officials and shop stewards from the Amalgamated Trade Unions of Swaziland and the Southern African Clothing and Textile Workers' Union, both IndustriALL Global Union affiliates, drew up a "common vision" for a future that moves away from the linear take-make-dispose model to a circular system that prioritizes resource efficiency, curbs waste and pollution and champions ethical production.

Despite the promise of ramped-up productivity, automation should "augment rather than displace" workers, the participants said. This requires investment in upskilling and reskilling programs that would leave no worker behind, as well as a form of shared sovereignty that redistributes profits in a more equitable way.

"As a union, we champion worker ownership of renewable energy assets, ensuring that the wealth generated by new production methods in the textile and garment industries is shared and green jobs created," said Membinkosi Vilina, deputy general secretary of the Southern African Clothing and Textile Workers' Union.

Just as important, they said, is mandatory supply chain due diligence that can hold multinational brands accountable while protecting workers' rights. The dominance of women in the workplace also requires gender-inclusive policies that tackle issues such as gender-based violence and harassment, the gender pay gap, access to childcare and the need for a living wage.

With the United States imposing a "reciprocal" tariff of 30 percent on all South African goods entering the country—the highest rate in sub-Saharan Africa—unions pointed to the need for regional integration that shores up intra-African trade, such as under the African Continental Free Trade Area.

And while South Africa's unemployment rate worsened by 0.3 percent of a percentage point to 33.2 percent in the second quarter of 2025, so-called "enhanced" industrialization could expand the apparel, footwear, leather and textile sectors' manufacturing capacity, generating jobs that can counter the region's acute poverty and inequality.

"As we navigate the just transition in Sub-Saharan Africa's textile and garment industries, we must confront the broader impact of emerging technologies like automation and artificial intelligence on the future of work, while fiercely protecting decent working conditions," said Paule-France Ndessomin, regional secretary at IndustriALL Sub-Saharan Africa.

Source: sourcingjournal.com– Aug 22, 2025

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Bangladesh's US garment exports surge in H1, led by trousers & shorts

Bangladesh exported almost half—around 45.65 per cent—of its total garment shipments to the United States as trousers and shorts during the first half (H1) of the current year. Its overall garment exports to the US jumped 24.49 per cent in the same period. The US is Bangladesh's single-largest garment market.

Bangladesh's exports of trousers and shorts to the US reached $1,935.432 million during January–June 2025, accounting for 45.65 per cent of total garment exports, which were valued at $4,239.786 million, according to sourcing intelligence tool TexPro.

The share of trousers and shorts rose slightly this year compared to 45.52 per cent in the first half of 2024. This steady dominance highlights Bangladesh's price competitiveness and large-scale production capacity in bottom-wear, especially when compared to key rivals like Vietnam and India.

During January–June 2025, exports of shirts were $580.161 million (13.68 per cent), T-shirts $388.844 million (9.17 per cent), jerseys $312.889 million (7.38 per cent), and coats $215.109 million (5.07 per cent).

The country's total garment exports surged 24.49 per cent this year from $3,405.699 million in January–June 2024. In the same period last year, trousers and shorts accounted for 45.52 per cent of shipments. Among the top five products, the share of shirts was 14.87 per cent, T-shirts 8.18 per cent, jerseys 6.89 per cent, and coats 4.83 per cent, as per TexPro.

Bangladesh's garment exports to the US were valued at $7.399 billion in 2024, slightly higher than $7.246 billion in 2023. The country had exported $9.808 billion worth of garments in 2022. While exports have grown in the past two years, they remain below the 2022 peak, partly due to tariff pressures and evolving sourcing strategies of US buyers.

Initially, the US announced a reciprocal tariff of 37 per cent on goods supplied from Bangladesh, but this was later reduced to 20 per cent. The US also imposed 15–17 per cent regular duties under the Most Favoured

Nation (MFN) category. Combined, the total effective tariff burden on Bangladeshi garments stands at around 35–36.5 per cent.

Despite this high tariff load, Bangladesh continues to hold a competitive edge in labour costs and efficiency, helping sustain export momentum, though heavy reliance on the US market leaves it vulnerable to policy shifts.

Source: fibre2fashion.com– Aug 25, 2025

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NATIONAL NEWS

Govt considering support measures worth ₹25,000 cr for exporters for 6 years under EPM

The government is considering support measures worth about ₹25,000 crore for exporters under the Export Promotion Mission, announced in the Budget, for six financial years (2025-2031), according to sources.

"The main focus is on providing easy and affordable credit to the exporter community," they said.

The commerce ministry has sent the proposal to the expenditure finance committee (EFC) of the finance ministry.

The measures, if approved, can help insulate domestic exporters from global trade uncertainties arising from Trump tariffs. The US has imposed a hefty 50 per cent tariff on Indian goods, starting August 27. At present, a 25 per cent duty is in place.

After the approval of the proposal from the EFC, the commerce ministry would approach the Union Cabinet.

The proposed mission, a flagship initiative announced in the Union Budget 2025-26, seeks to enable broad-based, inclusive, and sustainable export growth over six years (FY 2025-31) by exploring approaches beyond conventional mechanisms to address key bottlenecks faced by Indian exporters, especially MSMEs.

The Export Promotion Mission (EPM) is anchored in a collaborative framework, involving the Department of Commerce, ministry of MSME, ministry of Finance, and other line ministries and stakeholders, including Exim Bank, ECGC (export credit guarantee corporation), CGTMSE (Credit Guarantee Fund Trust for Micro and Small Enterprises), NCGTC (National Credit Guarantee Trustee Company Ltd), export promotion councils, commodity boards, industry associations, and state governments.

The mission is proposed to be implemented through two sub-schemes - Niryat Protsahan (over 10,000 crore) and Niryat Disha (over ₹14,500 crore), sources said.

The main elements under the Niryat Protsahan scheme, being considered by the government, include interest equalisation support worth over ₹5,000 crore for six financial years (2025-2031), support for alternative trade finance instruments, a credit card for e-commerce exporters, and other financing mechanisms to bridge liquidity gaps faced by exporters.

Similarly, under Niryat Disha, the proposed components include support for export quality compliance (about ₹4,000 crore), overseas market development (over ₹4,000 crore), branding, export warehousing and logistics, and capacity building to integrate more Indian enterprises into global value chains.

Sectors like textiles, chemicals, leather and footwear are expected to be hit hard by the high Trump tariffs.

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.

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.

Source: thehindubusinessline.com– Aug 24, 2025

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Exporters feel the jitters as US keeps India on tenterhooks

India is grappling with growing uncertainty as it awaits a definitive word from Washington on the next round of negotiations for the proposed bilateral trade agreement (BTA) and prepares for the potential doubling of US tariffs on Indian goods to 50 per cent on August 27.

The precarious situation has triggered widespread concern among Indian exporters who report order cancellations and demands for deep discounts from American buyers.

"The US has not yet provided a new date for the next round of BTA talks after it unexpectedly postponed its trade team's scheduled visit to New Delhi on August 25. The looming August 27 deadline, when the tariffs are set to increase from 25 per cent to 50 per cent, has now become the immediate point of focus for the Indian industry," a source tracking the matter told businessline. While a tariff hike (a penalty on India for buying Russian oil) is imminent, there is a slim hope that the ongoing US-Russia talks on the Ukraine war might offer a last-minute reprieve.

The impact of the initial 25 per cent reciprocal tariffs imposed on August 7 has already been severe. "The situation is quite grim. Exporters are facing cancellations or steep discounts of 20 - 25 per cent for this current season. The exporters and buyers also know that these heavy discounts are not sustainable, hence both are looking at other options," said Chennai-based leather goods exporter Israr Ahmed.

This sentiment is echoed across sectors, with labour-intensive industries like textiles, handicrafts, leather, gems and jewellery and footwear particularly vulnerable.

While the garments and textiles sector had braced for a 25 per cent reciprocal tariff, the prospect of a 50 per cent duty is simply "unworkable", said Mithileshwar Thakur from the Apparel Export Promotion Council.

"The additional duties would put Indian apparel at a severe 30-31 percentage tariff disadvantage against competitors like Bangladesh, Vietnam, Sri Lanka, Cambodia and Indonesia. This would completely drive Indian apparel business out of the US market leading to financial stress and massive job losses," he said.

In response, the industry is urgently seeking fiscal support from the government to help sustain and survive in the US market until a favourable BTA can be reached. “Timely support from the government is extremely critical as it is not easy to regain market share, once lost,” Thakur said.

The government is already working on a support package under the Export Promotion Mission to provide affordable credit and other incentives to improve market access and there is likely to be more focus on items hit by the US tariffs.

India’s annual exports to the US in FY25 were valued at $86.7 billion, which was about a fifth of the country’s total goods exports. About 53 per cent of the country’s US exports are affected by the increased tariffs.

Source: thehindubusinessline.com– Aug 24, 2025

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US tariff row: Russia far from being a key apparel market for India

US tariffs of 25 per cent, along with the threat of another 25 per cent punitive tariff due to India's oil imports from Russia, have put India's garment exports to the US at risk.

India, on the other hand, is looking to further strengthen its relations with Russia, with its Minister of External Affairs, S Jaishankar, emphasising the need to export more textiles, apparel, and other products to the country.

This outreach aligns with India's broader strategy of diversifying export markets to reduce reliance on the US and European Union. However, the reality is less encouraging, as India's textile and apparel exports to Russia remain marginal, accounting for just 0.33 per cent of its total garment exports.

During his recent visit to Russia, Jaishankar said, "Russia must import much more from India, including items such as textiles, pharmaceuticals, and agriculture.

To address the glaring trade imbalance between the two countries, it must remove non-tariff barriers and other impediments." At a joint press conference in Moscow, his Russian counterpart Sergey Lavrov added, "We reaffirmed our shared ambition to expand bilateral trade in a balanced and sustainable manner, including by increasing India's exports to Russia."

Latest trade data indicated that India's garment exports to Russia did not grow but instead decreased this year. India's garment exports to Russia fell 35.94 per cent to $25.109 million during January–May 2025, compared with $39.202 million in the same period last year, accounting for just 0.33 per cent of India's total garment exports of $7.566 billion, down from 0.56 per cent a year earlier.

In 2024, India's garment exports to Russia stood at $101.554 million, just 0.65 per cent of the country's total garment exports. This decline underscores that despite diplomatic efforts, Russian demand for Indian apparel has not translated into significant trade volumes.

By comparison, India's exports to its top market, the United States, were valued at $2.524 billion, accounting for 33.36 per cent of the total. Among the top five markets—the United States, United Kingdom, United Arab Emirates, Germany, and Netherlands—together contributed over 61 per cent of India's garment exports during the same period, according to sourcing intelligence tool TexPro.

Russia's available trade data suggested that India was the eighth-largest supplier to its garment market in 2021. Its garment imports from India were valued at $157.625 million, contributing 1.98 per cent of Russia's total garment imports of $7.952 billion, according to TexPro. Thus, there has been a steep fall in India's position over the past four years.

Among the top five suppliers to Russia—China, Bangladesh, Turkiye, Italy, and Vietnam—together accounted for over 66 per cent of the garment supply.

Source: fibre2fashion.com– Aug 24, 2025

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India negotiating FTAs with EU, US, Chile, Peru: Piyush Goyal

India is negotiating free trade agreements (FTAs) with several countries, including the European Union, the US, Chile, and Peru, Commerce and Industry Minister Piyush Goyal said on Saturday.

He said the world is looking at India, and several developed economies are negotiating FTAs with us.

The commerce ministry is engaged in these negotiations day in and day out, Goyal said.

"Subah ke samay Australia aur Japan me daftar khul jaate hain, doopahar ka samay hota hai toh Europe khul jata hai, shaam ke samay hota hai toh America se baat-chhit shuru ho jati hai...Peru, Chile se baat chhit shuru ho jati hai (In the morning, offices open in Australia and Japan; by afternoon, Europe is active; in the evening, discussions begin with the US...and with Peru and Chile)," he said.

The minister was addressing the Entrepreneur and Traders Leadership Summit here.

India and the US have been negotiating a bilateral trade agreement (BTA) since March. So far, five rounds of talks have been completed. The US has deferred its visit for the sixth round of talks in India. It assumes significance as the US has imposed a hefty 50 per cent tariff on Indian goods, starting from August 27.

At present, a 25 per cent duty is in place.

Source: economictimes.com– Aug 23, 2025

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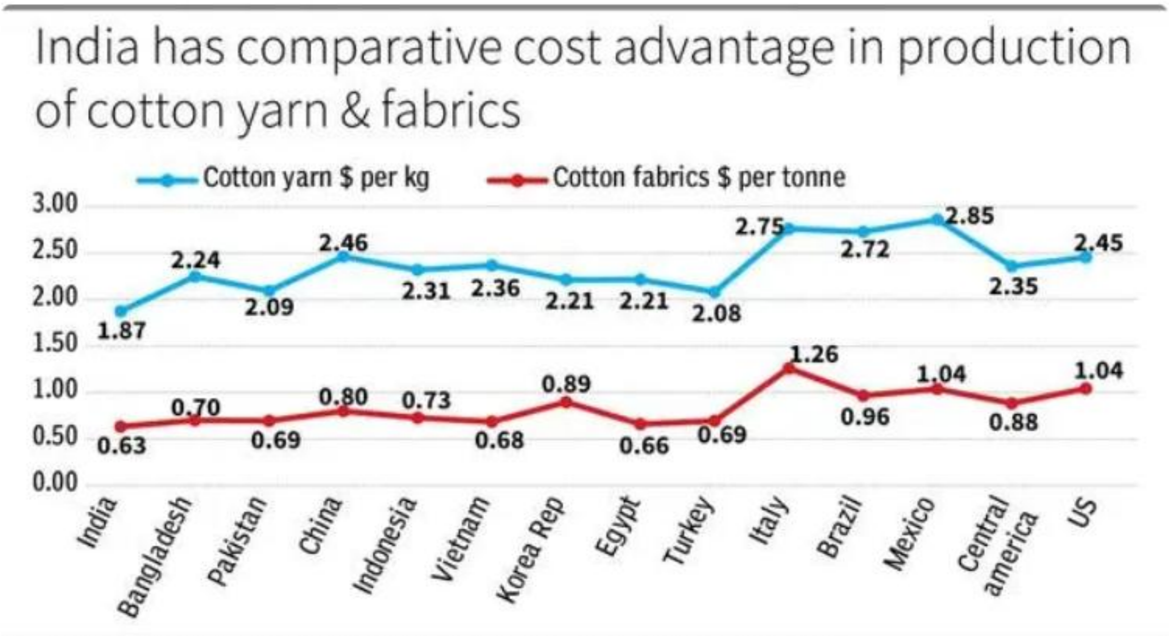
Policy lessons from Trump tariffs

Trump unveiled his 'reciprocal tariffs' on April 2 to combat US's huge trade deficit and 'Make America Great Again' by bringing manufacturing jobs back in the US. Since then, a lot of twists and turns have taken place leading to imposition of 25 per cent tariff on the Indian goods on August 1, 2025 and an additional 25 per cent tariff w.e.f. August 27, in case India fails to stop buying crude oil from Russia.

Implications of no deal...

US is among the few countries with which India enjoys a trade surplus. It was as high as $36.8 billion during FY24. In India's exports to US of $77.5 billion, engineering goods accounted for 22.7 per cent share, electronic goods 12.9 per cent, gems and jewellery 12.8 per cent, drug formulations, etc., 11.3 per cent, petroleum products 7.5 per cent, and RMG cotton, including accessories, 6.1 per cent.

India enjoys comparative cost advantage in labour intensive products, such as, fabric production as well as in items for which it was able to modernise its industry, such as, yarn. India's cost of yarn and fabrics production was found to be the lowest on August 10, 2025 compared to its major competitors as shown in Fig 1, (which has been worked out by extrapolating ITMF, 2021 data while using changes in Real Effective Exchange Rates from 2021-2025).



Source: Derived by Author from ITMF, 2021 by applying Changes in RER from 2021-2025

However, India would become non-competitive in these products in the US market in case its products are faced with 50 per cent tariff, while some of its competitors will be charged tariff less than half that sum. In case, China is also faced with similar tariff rates, then the loss would be less, as other countries would not have the capacity to fill the supply gap created by the absence of China and India.

Thus, these products will find their route (indirectly or directly) into US market. At the most, India's exports to US are likely to suffer by 20 per cent, which may bring down India's projected growth of 6.20 per cent p.a. to 5.85 per cent p.a. during FY2026. This loss is likely to be borne mainly by the manufacturing sector. As a result, manufacturing sector growth may come down by 2.2 per cent and 16 lakh workers would be adversely impacted.

Here, the alternative is to boost its domestic demand by lowering GST rates and raising the income of the low and low-medium income groups in addition to finding alternative export markets. Also, the income of the small and marginal farmers needs to be protected by ensuring minimum returns on their marketable surplus.

Indeed, the graphic overturns the notion of India being uncompetitive in textiles and RMG on account of labour costs. It is the other overheads, then, that require attention. The macroeconomic implications are serious.

Better wages for a workforce employed in labour intensive sectors will boost domestic demand, including demand for labour intensive manufacturing products.

...And of agreeing to Trump

In case India signs a trade deal with US, the first likely implication would be to forbid the concessional oil imports from Russia. This is resulting in savings of around 0.06 per cent of India's GDP. In addition to this loss, US is asking India to give more access to its domestic market in order to curtail US' trade deficit of $36.8 billion with India.

This is possible by raising imports from US of items such as sophisticated arms irrespective of terms for this trade, such as, transfer of technology etc, vis-a-vis other competing countries. The US is also pressurising India to accept lenient emission standards for the vehicles exported from US.

The stickiest point between India and US trade negotiations was regarding the opening of dairy and farm products to US' exporters in which India's 29.7 crore workforce (PLFS, 2023-24) is engaged. The paradox here is that Indian agriculture otherwise enjoys comparative cost advantage, but developed countries' cost is curtailed through excessive subsidies granted to this sector. Therefore, removal of tariff restrictions on farm goods would make Indian agriculture more vulnerable.

Way forward

Although farm income varies across the States, they are somewhat reasonable in States having MSP and other support systems.

To further enhance domestic demand, there is a need to create support system in all the States in order to ensure reasonable returns on their marketable surplus. This will lead to higher demand for industrial products and safeguard against any fall in export market due to uncertainties caused by Trump's tariffs.

Similarly, growth of MSME units should be promoted by creating required infrastructure and common facilities and tweaking GST in a way that genuinely benefits smaller units. Smaller units should also benefit from Ease of Doing Business and easy access to credit. All this will raise the mass consumption demand for both farm and non-farm products.

India needs to diversify trade and develop strategic relations with countries in East Asia, Africa and Latin America to counter US's trade offensive. India also needs to explore a strategic alliance with China. This will allow India to enter that stage of value added in the supply chain in which it has a comparative advantage. However, given the historical friction in India-China relations, exploring and expanding India-China trade will have to done carefully. Russia is another useful ally for defence deals and partnerships.

Meanwhile, Trump's flip flop tariff strategy has created uncertainty for the US citizens. It will be challenging for the US to ensure enough supply for meeting its domestic demand, contain inflation due to high tariffs and deal with public unrest caused by rising cost of living.

Source: thehindubusinessline.com– Aug 23, 2025

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Textile industry seeks special focus on processing segment

Ahmedabad: The Gujarat textile industry has demanded a special focus on the processing segment, stating it is the weakest link in the textile value chain. Industry representatives said that units within municipal limits should be given the advantage of the Gujarat Textile Policy 2024. A delegation met with top officials in the industries department and raised the issue of ambiguity in the classification of talukas in the policy and sought govt support for the industry's growth.

The delegation included Vijay Agrawal, Chairman of The Cotton Textiles Export Promotion Council (Texprocil), Bharat Chhajer, former chairman of the Powerloom Development and Export Promotion Council (PDEXCI), and leading textile industrialists." Currently, the Textile Policy does not cover units other than those located in GIDC, but existing within municipal corporation limits. Hence, 99% of the textile units, mainly processing, are unable to get the benefits of the revised guidelines of the policy.

Since there are such 800 units in Ahmedabad alone and similarly in Surat, which are the heart of the textile industry, they are unable to upgrade themselves from old obsolete machines to new latest technology to compete in the international market. Hence, such units located within municipal limits industrial areas (but not in GIDC) should also be included in the revised guidelines," the delegation members said.

The industry demanded that processing units with state-of-the-art technology, such as waterless dyeing, sublimation digital printing, and washing and bleaching ranges that require less water to treat, should be given benefits on par with garmenting units. These new units should be allowed in dedicated industrial areas with ZLD (zero liquid discharge) facilities to avoid pollution, the delegation members said. Industry leaders also stated that the requirement of 4,000 people employed at a unit to avail of benefits as a labour-intensive unit should be reduced. "It was requested that the minimum employment threshold should be 2,000 to begin with, which can be later expanded as per workload and business," said a source.

Source: timesofindia.com– Aug 24, 2025

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After Trump tariff, uncertainty looms over 'textile city' Panipat

CHANDIGARH: The imposition of a 25% tariff, along with an unspecified penalty by the United States, is likely to severely impact India's exports of textiles to the US market. However, it will help Pakistan, Bangladesh, Turkey, Vietnam, Egypt, and Italy, allowing them to increase their market share.

In Panipat, which is known as the 'Textile City' of India, with an export volume of around Rs 20,000 crore per year, the exporters are struggling. They have faced a dip in exports over the past three years, primarily due to the

Russia-Ukraine war, inflation across European and South American markets, and rising freight charges. They are now adopting a wait-and-watch policy before taking new orders.

Vinod Kumar, Chairman of the Haryana Chamber of Commerce Industry (Panipat Chapter), said that the US's decision has hit the textile industry of Panipat hard.

"As per annum, we export textiles worth Rs 20,000 crore, and of these 60% that is Rs 12,000 crore, are exported to the US, from home textile items to floor covering items such as carpets and rugs," he added.

"At present, the tariff on textile goods is 10%, but will increase as announced by the Trump administration, benefitting Pakistan, Bangladesh, Turkey, Vietnam and Italy, as these countries were our competitors," he said.

Kumar further said that there are around 500 exporters in Panipat who employ approximately 2 lakh workforce. "The move may lead to retrenchment of the workforce, which will be very unfortunate," he added. Lalit Goyal, Chairman, Handloom Export Promotion Council and president of Panipat Exporters' Association, said that the total textile export to the US amounts to Rs 96,000 cr, with the remaining Rs 80,000 cr comprising garments and make-up.

Source: newindianexpress.com– Aug 25, 2025

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Trump Tariff: India's textile loss is gain for Pakistan, Bangladesh, Turkey, Vietnam, Egypt & Italy

CHANDIGARH: With the imposition of 25 percent tariff along with an unspecified penalty by the United States it is likely to severely impact India's exports of textiles to the US market and thus Pakistan, Bangladesh, Turkey, Vietnam, Egypt and Italy would be the gainers, increasing their market share in the US.

Panipat which is known as the `Textile City' of India as it is having export volume of around Rs 20,000 crore per year, the exporters here who were already reeling from a downturn in exports for the past three years due to the Russia-Ukraine war, inflation across European and South American markets and rising freight charges.

They are now adopting a wait and watch policy and are holding back to take new orders due to the prevailing uncertainty. Talking with this newspaper, Vinod Kumar Chairman of Haryana Chamber and Commerce Industry (Panipat Chapter) said that due to decision of the US to levy 50 per cent tariff on Indian goods has hit the textile industry of Panipat hard.

``We export textiles worth Rs 20,000 crore per annum, and of this 60 percent (that is Rs 12,000 crore) are exported to the US, from home textile items (bath beds, curtains, cushions, puff, towels, blankets, bed sheets) to floor covering items such as carpets and rugs," he says.

``At present the tariff on textile goods was 10 per cent, but as it will be increased as announced by the Trump administration it will benefit Pakistan Bangladesh, Turkey, Vietnam and Italy as these countries were our competitors but the major import of textile good to US was from India as now, " Kumar said, adding that; ``Now we are adopting a wait and watch policy, as the orders which were already placed with us by the firms or importers from America, have started doing negotiations with us and demanding a 20 to 25 per cent discount on those orders."

"We are not expecting any new orders as present order have been put on the hold as we do not know what is expected in the coming days, will the authorities' in US level 50 per cent tariff or it will be only 25 per cent or will be they reconsider their tariff decision," Kumar says.

The exporters says that there are around 500 exporters in Panipat who employ approximately 2 lakh work force as these export units run eight hours daily.

``Now in the coming days if the orders from US drop then there is possibility to retrench the work force thus it will lead to unemployment. We do not want to do it but will have no option," Kumar adds and added that the government should give some incentive to the industry.

He says that no other country can cover the gap if the export orders from US drop, as besides America the exporters from here are exporting textile items to European countries, South Asia and South America.

Meanwhile Lalit Goyal, Chairman, Handloom Export Promotion Council (HEPC) and president of Panipat Exporters' Association, said that the total textile export to US is 11 billion Dollar (Rs 96,000 crore) as rest about Rs 80,000 crore is of garments and the made-up (white sheets, blanket, curtains, table covers, towels).

While the floor covering items (carpets, bath mats, rugs) worth Rs 16,000 crore were exported due to tariff hike export worth Rs 9,600 have been hit. While towel, cushion cover, curtains and other items worth Rs 3,000 crore from Panipat also will be hit. This sector is highly labor intensive sector and this sector has further liked to thousands of cottage and small scale industry approximately 35 to 40 lakh weavers will be affected.

``Overseas buyers also started holding back orders after the announcement of the new tariff structure. Since rugs and carpets are considered luxury items in the US market, the expected rise in product costs is likely to hurt business. Countries like Turkey and Egypt, which produce fine-quality machine-made bath mats and carpets, stand to benefit because only a 10% tariff is applied on their products. Pakistan and Bangladesh may also gain some advantage, as the tariff on their exports is 19%, lower than India's," he said.

Interestingly despite global uncertainties, exports of major textile commodities increased 5.37 per cent to USD 3.10 billion in July 2025 compared to USD 2.94 billion in the year-ago period. As per estimates recently released by the Directorate General of Commercial Intelligence & Statistics (DGCIS) for the period April-July 2025, cumulative textile exports rose 3.87 per cent to USD 12.18 billion against USD 11.73 billion a year ago.

The total exports of the six major textile commodity groups crossed USD 3.1 billion in July 2025, showing resilience against mixed global trade conditions. Sustained demand in ready-made garments, jute, carpets, and handicrafts contributed significantly to the growth momentum.

The Ready-made Garments (RMG) exports rose to USD 1.34 billion in July 2025 from USD 1.28 billion in July 2024 (4.75 per cent growth). While the cumulative exports for April-July 2025 stood at USD 5.53 billion compared to USD 5.13 billion last year, recording 7.87 per cent growth.

The industry's performance highlights India's diversified product strength, spanning from cotton and MMF-based textiles to traditional handicrafts and eco-friendly jute.

Source: fibre2fashion.com– Aug 21, 2025

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States rejig policies, seek Centre's help to counter Trump tariffs

The government of Tamil Nadu, which exported 31 per cent of its total shipments worth $52.1 billion to the US in FY25, fears massive job losses once the additional 25 per cent tariff takes effect on August 27. The state has sought the Centre's help, as have several other states, including Andhra Pradesh.

From Uttar Pradesh to Telangana, Kerala to Rajasthan, Gujarat to Tamil Nadu, state governments are reworking their export promotion policies and exploring ways to quickly look for newer markets.

State governments have requested the Centre for export incentives, lifting of import duty in the case of cotton for the textile sector and goods and services tax (GST) exemptions. Some have written to the Centre to look at the Brazilian model, which has announced tax deferrals and tax credits for exporters.

State governments have also consulted with exporters and other stakeholders that will suffer once the additional 25 per cent tariff — Washington's sanction on Indian goods for New Delhi's purchase of Russian oil— comes into force.

On August 20, Andhra Pradesh Minister for Real Time Governance, Nara Lokesh, consulted with the state's marine exporters. According to the presentation of the state's fisheries department at the meeting, shrimps from Ecuador and Thailand will be almost 40 per cent cheaper than those from India. Shrimps from Indonesia and Vietnam will be 35.36 per cent and 9.66 per cent cheaper, respectively.

A US Food and Drug Administration (FDA) team is visiting Andhra Pradesh in August to inspect hatcheries, processing plants, and ponds. The government will try to explain to the team that the quality of Indian shrimp meets the US quality standards, and about the need to revise tariffs. Currently, of the 600,000 acres of total aquaculture in Andhra Pradesh, 250,000 acres are under shrimp culture.

The impact of tariffs will be on the entire seafood value chain and could lead to severe financial distress among over 450 shrimp hatcheries, 50 feed mills, 300,000 farms, over 300 processing, pre-processing, and peeling units, 260,000 fishing boats, trawlers, and other vessels, 2.78 million fishermen, and over 3 million individuals on indirect employment across the ecosystem.

When the initial 25 per cent tariff kicked in, the Andhra government set up an aquaculture advisory committee on April 9 to address sector challenges, including tariff impacts. The steps taken included feed manufacturers announcing a ₹4 per kg price cut from April 19 to ease farmers' input costs.

In its report, the committee has also sought removal of 5 per cent GST on packaged shrimp, soft loans to exporters for cash flow, and waiving excise duty on diesel for trawlers, among others.

The state is also looking for new markets such as South Korea, Saudi Arabia, and Russia. It is urging farmers to diversify into important species like seabass, silver pompano, cobia, grouper, hilsa, chanos, mullet, seaweed, and crab.

It will invest in strengthening labs, better certification, and branding with antibiotic free products. "We are supporting aqua farmers by giving them electricity at ₹1.50 per unit. The tariff increase will burden the aqua farmers in the state," Andhra Chief Minister N Chandrababu Naidu said recently. Based on reports, the state's textile ecosystem may also lose around ₹15,000 crore to ₹20,000 crore per annum.

The Tamil Nadu government, on the other hand, has pointed out that American tariffs will hit it harder than most states.

In a letter to the PM on August 16, state Chief Minister M K Stalin said 20 per cent of India's total goods exports of $433.6 billion were to the US in FY25, and 31 per cent of Tamil Nadu's $52.1 billion goods were exported to that country.

Stalin said the tariff impact on Tamil Nadu "will be disproportionately greater than for most other Indian states", and has significant implications for the state's manufacturing sector and employment scenario, he told Modi.

According to the Tamil Nadu government's estimate, the most affected sectors — textiles, apparels, machinery, auto components, gems and jewellery, leather, footwear, marine products and chemicals — are labour-intensive sectors, and any export slowdown will quickly result in mass layoffs.

Tamil Nadu accounted for 28 per cent of the country's textile exports in FY25, the largest among Indian states. The sector employs nearly 7.5 million people, and with a 25 per cent tariff and additional 25 per cent duty on cards, an estimated 3 million jobs are at immediate risk, the state government has estimated.

Stalin, who has held consultations with the industry associations of sectors set to face losses from Trump tariffs, sought the PM's help. "Considering the scale of the problem, a special financial relief package, including a moratorium on principal repayment, similar to the one implemented during the Covid period, is necessary to support our exporters," he told Modi.

The US tariffs will hit Uttar Pradesh's textile, jewellery, and leather exports. In FY25, the US was UP's top export destination. It accounted for more than ₹35,000 crore worth of shipments. Officials said the state government was looking at newer markets and working on a new export promotion policy.

Kerala has also flagged concerns, as the US is its second-largest market for agricultural exports such as cashews, rice, vegetables, processed fruits, and cereal flours. The state government plans to set up a body akin to the Export Promotion Council of India to help exporters diversify. "True, the state has limitations on what it can do, but we want to work by understanding the needs and stance of the export-oriented industry sector," state Industry Minister P Rajeeve said.

Madhukar Babu, joint director (MSME), commissioner of industries, in Telangana, has said the state government will incorporate inputs of exporters in the new logistics policy that is almost ready with guidelines under development. He urged exporters to look at markets in Africa and South America.

From Karnataka's aluminium extrusion industry to Gujarat and Rajasthan's gems & jewellery sector, there is concern of losing substantial business due to US tariffs. They have approached the respective state governments to help facilitate exports to newer markets.

Ministers and officials in most states said they are largely helpless in the short term once the 50 per cent tariff kicks in on August 27 and Indian goods become uncompetitive in the American market.

Source: business-standard.com– Aug 24, 2025

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A week of hopes, anxieties and expectations ahead for exporters

This week begins with hopes and anxieties on what the Trump administration in the United States will or will not do on the issue of punitive tariffs on import of Indian goods, what our own government will do to help the exporters and the effect of protectionist measures on downstream users.

President Donald Trump surprised India earlier this month by imposing 25 per cent tariffs on Indian goods entering the US, in addition to the 25 per cent reciprocal tariffs he imposed towards the end of last month. He had left open a 21-day window before the additional tariffs come into effect. During this period, he cancelled the scheduled visit of the US trade delegation to India for negotiations on a trade deal. He appointed his close aide Sergio Gor as the ambassador to India rather than a seasoned professional, who can build better relations with India. Despite indications to the contrary, exporters hope that the punitive tariffs will be lifted before they kick in for shipments made after this Tuesday.

Anxieties persist that if the US goes ahead with the 25 per cent punitive tariffs, about US$33 billion of Indian exports to the US may be affected, with exporters of textiles, engineering, gem and jewellery and marine products suffering the most.

The government has already taken some steps for reviving domestic consumption by initiating necessary moves to rationalise and reduce the Goods and Services Tax (GST) on articles of mass consumption by next month. Some immediate steps, however, will be required from the Central and state governments to give relief to the workmen, if they lose their jobs due to loss of export business caused by higher US tariffs.

In her budget speech this year, finance minister Nirmala Sitharaman said that the government will embark on an export promotion mission, with sectoral and ministerial targets, driven jointly by the ministries of commerce, micro, small and medium enterprises (MSME) and finance. It will facilitate easy access to export credit, cross-border factoring support, and support to MSMEs to tackle non-tariff measures in overseas markets, she said. Exporters expect the government to announce the details of such facilitations this week.

Last week, the government held talks with the leaders of Russia and China to keep the supply chains, especially of rare earth magnets and crude oil, going on without disruptions. Hopefully, any contentious issues will be relegated to the background in the interests of more trade in goods and services and also investments and broader economic co-operation.

A worry for a large number of industries is the recommendations of the Directorate General of Trade Remedies (DGTR) last week to impose safeguard duties of 12 per cent, 11.5 per cent and 11 per cent in the first, second and third year on imports of certain steel products and to impose anti-dumping duty on imports of PVC suspension resins from certain countries.

In April, the government had imposed a provisional safeguard duty of 12 per cent on certain steel items for 200 days. The government should consider the possible adverse impact of such protective duties on the downstream industries before giving effect to the latest recommendations of the DGTR. On Friday, the government imposed minimum import prices on imports of certain types of paper. Such higher protection to a few producers at the expense of a large number of downstream user industries and consumers can be counterproductive.

Source: business-standard.com– Aug 24, 2025

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