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Currency Watch			
USD	EUR	GBP	JPY
87.62	102.00	118.35	0.60

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INTERNATIONAL NEWS

US weakens, Europe steadies, China faces growth risks: Nomura Outlook

Employment growth in the United States is losing momentum, pointing towards below-trend expansion in 2025, according to Nomura. Recession risks remain elevated, though the bank expects a slow but continued expansion supported by strong household balance sheets and stable business financing.

Inflation, however, remains well above the US Federal Reserve's 2 per cent target, with core PCE projected at 3.1 per cent by year-end. Against this backdrop, the Fed is expected to deliver a 25-basis point (bp) cut in September, followed by further quarterly reductions in December and March, Nomura said in its latest Global Economic Outlook Monthly.

Nomura warned that new sector-specific tariffs will weigh on consumer spending, while persistent trade policy uncertainty is likely to dampen business investment. In contrast, the One Big Beautiful Bill act is forecast to provide modest near-term stimulus.

The euro area economy is set for modest improvement, with GDP expected to accelerate by 10bp to 0.2 per cent quarter-on-quarter in Q3 2025. The recently concluded US-EU trade deal is expected to ease tariff-related uncertainty, while defence and infrastructure spending underpin Nomura's more positive medium-term outlook.

The inflation remains anchored at 2 per cent year-on-year, and the European Central Bank is seen as having ended its cutting cycle, keeping the deposit rate steady at 2 per cent. Southern Europe continues to outperform the North, with Germany and France lagging while Spain and Italy keep deficits under control.

China's stock market rally, underpinned by fundamentals, risks fuelling irrational exuberance and leverage. GDP growth is forecast to slow sharply to 4 per cent in H2 2025 from 5.3 per cent in H1, amid austerity measures, weaker exports, reduced raw material demand, and ongoing property sector woes. Fiscal pressures are likely to intensify, raising challenges for policymakers.

Japan's economy is expected to lose momentum in Q3 under Trump-era tariffs, with the Bank of Japan revising core CPI forecasts upward on food-driven inflation. Despite this, policy tightening is only expected in January 2026, followed by a hold through the year.

Broader Asia faced export and capex slowdowns due to tariffs, weaker demand, and redirected Chinese trade flows. Thailand, Singapore, and Korea are most exposed, while India and the Philippines appear relatively insulated. Still, India faced headwinds from an additional 25 per cent US penalty tariff on Russian purchases, compounding existing reciprocal levies and heightening the need for policy easing.

Source: fibre2fashion.com– Aug 28, 2025

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China's dominance in Australia's apparel imports shows decline

China has maintained a dominant position in Australia's apparel market so far this year, although its share has slightly declined. China still accounts for more than fifty per cent of Australia's apparel imports, but its market share has shown fluctuations in recent years. Meanwhile, Australia's overall garment imports recorded only modest growth in the first half of 2025, with imports from China rising at an even slower pace. This reflects both subdued consumer demand in Australia and the beginning of sourcing diversification, as retailers seek to reduce reliance on a single supplier.

Australia's apparel imports grew 3.07 per cent year-on-year during January–June 2025, reaching $3,927.455 million compared with $3,810.811 million in the same period of 2024. Imports from China increased 2.84 per cent to $2,314.737 million, up from $2,250.841 million a year earlier, according to sourcing intelligence tool TexPro.

Although China's position remains very strong, with over fifty per cent share, it faces growing competition. The country still enjoys a significant lead over the second-largest supplier, Bangladesh. However, its share has been volatile in recent years. This volatility stems from global supply chain disruptions, shifting trade agreements, and brands' strategies to balance cost efficiency with risk management by spreading sourcing across multiple countries.

In 2022, China commanded a 61.80 per cent share of Australia's apparel imports, valued at $5,088.455 million out of a total $8,233.133 million. This dropped to 59.01 per cent in 2023, when imports from China fell to $4,447.818 million against Australia's total of $7,537.009 million. The share slipped further to 57.56 per cent in 2024, with Chinese supplies worth $4,537.291 million out of $7,883.040 million, as per TexPro.

In the first six months of 2025, Australia's apparel imports from other key suppliers were: Bangladesh at $437.329 million (11.14 per cent), Vietnam at $350.402 million (8.92 per cent), India at $157.703 million (4.02 per cent), and Indonesia at $125.732 million (3.20 per cent). This diversification highlights Australia's gradual shift towards alternative sourcing bases, even as China remains the dominant partner.

Source: fibre2fashion.com– Aug 28, 2025

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South Korea Pledges $150B to Revive US Shipbuilding

South Korea will be lending a helping hand to U.S. maritime ambitions with a $150 billion commitment to help revitalize a stagnating shipbuilding industry.

Presidents Donald Trump and Lee Jae Myung held a bilateral meeting Monday where it appeared both heads of state made inroads on the former's goals to cut the country's massive shipbuilding gap with China.

Full details of the $150 billion pledge, first made in July amid trade talks between the two nations, still have not been revealed. The "Make American Shipbuilding Great Again" initiative is designed to help modernize U.S. shipyards, but the U.S. president suggested that for now, vessels will be built in South Korea.

"We're going to be buying ships from South Korea," said President Trump Monday. "We're also going to have them make ships here with our people, using our people, and we're going to go back into the shipbuilding business again."

Once the dominant shipbuilding powerhouse worldwide, the U.S. built just five commercial ships in 2022, according to data cited by the U.S. Trade Representative from BRS Shipbrokers. On the other hand, China built 1,794 that year.

The U.S. is signing up the world's second-largest producer of ships to help turn its fortunes around. South Korea built 734 ships in 2022.

On Tuesday, President Lee is visiting one of the largest shipyards in the U.S, the Hanwha Philly Shipyard. South Korea's Hanwha Group acquired the facility in 2024 for $100 million and plans to spend as much as $5 billion to expand its annual shipbuilding pace from less than two vessels a year to as many as 20, according to Lee's office.

Hanwha said it plans to arrange to use idle docks owned by others near the Philly Shipyard to expand shipbuilding capacity.

During Lee’s visit to the U.S., American and South Korean companies signed 11 non-binding agreements across shipbuilding, nuclear energy, aerospace, gas and critical minerals, according to South Korea’s industry ministry.

Aligning with the Trump-Lee meeting, South Korean shipbuilding and machinery conglomerate HD Hyundai announced a strategic partnership with Cerberus Capital Management Monday called Cerberus Maritime.

The partnership is aimed at identifying high-impact opportunities that strengthen strategic maritime infrastructure and supply chains, maritime logistics infrastructure, port modernization and advanced maritime technologies.

HD Hyundai will serve as an anchor investor, while also bringing expertise in shipbuilding, marine engineering and digital maritime solutions to the partnership. The South Korean firm will explore opportunities for collaboration related to U.S. shipyards, ports and maritime technology.

Another major shipbuilder, Samsung Heavy Industries, entered a partnership with U.S.-based shipbuilding firm Vigor Marine Group, also signed a preliminary deal covering maintenance and overhaul of U.S. Navy support ships, shipyard modernization and joint vessel construction.

The partnerships come as the U.S. has had difficulty effectively scaling its shipbuilding capabilities at home even as lawmakers scramble to introduce legislation aimed at solving the problem.

Multiple reports from the U.S. Government Accountability Office (GAO) have called out the inefficiencies involved in American shipbuilding, first saying in February that U.S. Navy shipbuilding is consistently over budget and behind schedule.

Estimated delays for some ships extend as long as three years, GAO says, with the primary reasons being the lack of physical space and workers to meet the Navy’s demands.

Another later report said the Department of Transportation’s Maritime Administration hasn’t established the goals required to properly assess the performance of the financial aid programs designed to encourage shipbuilding. This ultimately prevents the Maritime Administration from determining the effectiveness of the programs—a necessity in keeping costs down.

The office of shipbuilding that Trump touted in March has gotten off to a slow start, with the office already having been moved from the purview of the National Security Council (NSC) to the Office of Management and Budget (OMB). Along with the shift, NSC chief of staff Brian McCormack and Ian Bennitt, the senior director for maritime and industrial capacity first tasked by the administration to power the shipbuilding push, departed their posts.

Since the office was moved to the OMB in July, the administration has remained quiet over the status of the office, or overall progress made.

“It takes a while,” said President Trump during his Monday meeting with Lee. “Shipbuilding’s a tough one to start.”

Despite the shipbuilding pact, Trump said he was sticking to the terms of the countries’ tariff rate initially agreed upon in late July. That deal set a 15 percent tariff on South Korean goods entering the U.S., which will remain unchanged, Trump asserts.

Source: sourcingjournal.com– Aug 26, 2025

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Cotton at a Crossroads: Geopolitics, trade shifts, and the global balancing act

The global cotton market in 2025 is passing through a period of shifting trade relationships, geopolitical tensions, and the rising urgency for supply chain resilience. The International Cotton Advisory Committee (ICAC) report, particularly for May 2025 and Cotton Market Report June 2024, reveal how these forces are redrawing the map in terms of production, consumption, and trade flows worldwide.

For the 2024-25 season, world cotton lint production is estimated at 25.8 million tonnes, slightly ahead of global consumption at 25.5 million tonnes. Yet, despite the apparent balance, trade forecasts have been revised downward to 9.45 million tonnes, largely due to reduced import demand from China.

The lasting echo of the US-China cotton dispute

The most disruptive undercurrent in the cotton trade remains the long-running dispute between the US and China. What began as a tariff war in 2018 continues to reverberate through supply chains. “These tariffs not only increased costs but also disrupted global cotton supply chains, forcing a re-evaluation of sourcing strategies,” notes the Cotton Review May 2024.

The brief thaw brought by the January 2020 Phase One trade agreement ended with its end in December 2021. Today, Chinese import tariffs on US raw cotton stand at 26 per cent for in-quota and 65 per cent for out-of-quota shipments. The US, in turn, levies tariffs ranging from 7.5 to 25 per cent on Chinese textile and apparel products.

This tension has driven China, the world’s largest cotton consumer at 8.3 million tonnes in 2024-25, to diversify away from US cotton, sourcing more from Brazil and Australia.

Statistics reveal that in 2017, the US supplied 53 per cent of China’s cotton; by 2019, that share had fallen to just 22 per cent. By 2023, Brazil nearly matched US supply volumes to China.

Shifting trade baskets and new powerhouses

The knock-on effects are not confined to Asia. The US has broadened its sourcing network for textiles and apparel, increasingly relying on countries like Vietnam, Bangladesh, Turkey, Pakistan, Mexico, and India. Between 2017 and 2021, export values from these countries to the US saw notable growth—Vietnam by 6 per cent annually, with Bangladesh and Turkey each rising 5 per cent annually.

Several countries are moving to position themselves in the restructured cotton trade:

• Bangladesh is on track to become the world's largest cotton importer in 2024-25, negotiating duty-free access for US cotton and setting up a dedicated bonded warehouse for these imports.

• Egypt is expanding domestic capacity, with imports revised upward to meet growing consumption.

• Indonesia is considering tariff cuts for US cotton rather than retaliating against tariffs.

• India has already consumed five times more cotton in the first half of the 2024-25 season than in the same period last year, while negotiating further US imports.

• Pakistan has boosted US cotton purchases and is exploring expanded imports of both cotton and soybeans.

• Vietnam is likely to slash tariffs to secure more US cotton.

Click here for more details

Source: fashionatingworld.com– Aug 25, 2025

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Sri Lanka's apparel exports up 9.8% in July 2025

Sri Lanka's apparel exports have recorded steady growth in July 2025, rising by 9.84 per cent to $455.16 million compared with $414.38 million in July 2024. Exports to the EU (excluding the UK) posted the strongest gain of 26.69 per cent, while shipments to 'Other' markets grew by 24.24 per cent. The UK market saw only a marginal increase of 0.72 per cent, and exports to the US declined by 2.7 per cent during the month.

For the cumulative period of January to July 2025, total apparel exports reached $2,916.10 million, up 9.09 per cent from $2,673.19 million in the same period of 2024.

Growth was broad-based across markets, with exports to the EU (excluding the UK) rising by 18.2 per cent, to 'Other' markets by 11.02 per cent, to the UK by 5.65 per cent, and to the US by 2.91 per cent, Joint Apparel Association Forum (JAAF) said in a release.

"The growth seen in July and over the first seven months of 2025 highlights the adaptability of Sri Lanka's apparel industry and its firm position in key markets such as the EU.

This performance reflects manufacturers' ongoing efforts to meet buyer expectations on speed, quality, and compliance. Sustaining momentum will require expanded trade opportunities, supportive policies, and a stronger focus on value addition across the supply chain," a spokesperson for JAAF said.

Source: fibre2fashion.com– Aug 27, 2025

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German textile and fashion industry grapples with persistent economic headwinds

The German textile and fashion industry continues to pass through a challenging economic situation. An anticipated recovery remains elusive amidst falling turnover and strained operations as per recent data from the German Federal Statistical Office (Destatis) and statements from the Gesamtverband der deutschen Textil- und Modeindustrie e.V. (Association of the German Textile and Fashion Industry, textil+mode). Falling turnover, fluctuating exports, a weak retail sector, and a strained order and production situation are painting a picture of an industry under considerable pressure.

A tense situation persists

The German Federal Statistical Office's provisional data reveals a dip in overall industrial production, with the consumer goods segment, which includes textiles and fashion showing a decline. While there was a monthly growth in manufacturing orders in March, the quarter-on-quarter comparison for the first three months of 2025 indicates a persistent downward trend in new orders. This suggests underlying demand challenges despite some short-term fluctuations.

Similarly, national export figures show a recent monthly dip, although a slight year-on-year increase was observed in May. This volatility adds to the precarious situation for a highly export-oriented sector.

Leading industry voices underscore the severity of the situation. Uwe Mazura, Chief Executive of the Gesamtverband textil+mode, has frequently commented on the strained economic conditions. In a recent statement from June 27, 2025, Mazura voiced concerns that policy decisions, such as the minimum wage commission's resolution, "will further drive companies out of collective bargaining," highlighting the increasing cost pressures and the difficult operating environment for businesses.

Earlier in April, Mazura warned of the repercussions of escalating trade disputes, stating that an "escalation of the trade conflict would have enormous consequences for the medium-sized textile and fashion industry." This sentiment underscores the industry's vulnerability to global economic and political dynamics.

The challenging economic climate was further emphasized during wage negotiations for the West German textile and clothing industry on April 11, 2025, which concluded with what was described as a "just still acceptable conclusion in an economically highly tense situation."
Immediate and short-to-mid-term outlook

Based on the data and industry statements the immediate and short-to-mid-term outlook for the German textile and fashion industry remains guarded. The "anticipated economic recovery is still out of reach," as the industry grapples with declining production in key areas, inconsistent export performance, and a subdued retail environment.

High cost pressures, partly due to policy decisions and global trade tension, continue to strain profitability. While there's a long-term projection for the overall German textile market to reach $48.1 million by 2033 (a 3 per cent CAGR from 2025), the current indicators suggest a challenging period ahead as companies strive to maintain competitiveness and adapt to ongoing economic headwinds. The industry is actively advocating for measures that support competitiveness and reduce bureaucratic burdens to navigate these difficult times.

Source: fashionatingworld.com– Aug 22, 2025

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Vietnamese textile-garment industry's 2025 export target $47-48 bn

The textile and garment industry in Vietnam has an export target of $47-48 billion this year due to strong order flows and growing global reach. However, exports must average over $4 billion per month for the remainder of the year to achieve this target.

Despite this being a challenge, industry experts believe the goal is achievable given the current growth trajectory.

Export turnover of the sector in the first seven months this year reached over $26.33 billion—up by 9 per cent year on year (YoY). Several companies have already secured orders till December.

The Vietnam Textile and Apparel Association (VITAS) said the sector has expanded its export reach to 132 countries and territories this year, up from 104 in 2024. Vietnamese enterprises are also pursuing overseas investment projects in Mexico and Myanmar, with further expansion planned in India and Egypt, a domestic news outlet reported.

VITAS chairman Vu Duc Giang said success depends on enterprises making proper use of the 17 new-generation free trade agreements, while adapting to shifting trade dynamics and differing economic policies across major markets.

The industry also needs to adapt to cope with evolving global conditions and regulatory frameworks.

Chairman of the Vietnam National Textile and Garment Group (Vinatex) Le Tien Truong said enterprises must adopt flexible financial management strategies to stay competitive, absorb rising input costs and adapt pricing mechanisms to retain orders in an increasingly challenging global market.

Source: fibre2fashion.com– Aug 27, 2025

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Philippines' growth outlook steady at 5.4% in 2025: Fitch

Philippines' growth forecast has been maintained at 5.4 per cent for 2025, despite risks from US tariff measures, according to BMI, a unit of Fitch solutions company.

It highlighted that the external sector has shown resilience amid global trade uncertainty, with exports surging 15.1 per cent in May, the strongest rise this year, ahead of the tariff hike, BMI said in an article this month.

Originally set at 20 per cent from August 1, the US tariff was reduced to 19 per cent after President Ferdinand R Marcos Jr's July visit to Washington.

This adjustment is expected to trim output by 0.4 percentage points (pp) over the medium term, far less than the 1.4 percentage point hit estimated in April.

Businesses also benefitted from a brief implementation delay to August 7, enabling front-loaded shipments, though BMI warned of a likely export slowdown unless further postponements occur.

The 5.4 per cent forecast is slightly below the Philippine government's revised 5.5–6.5 per cent growth target set in June, which was adjusted down from the earlier 6–8 per cent range amid global economic headwinds.

The growth averaged 5.4 per cent in the first half (H1) of 2025, with Q2 accelerating marginally to 5.5 per cent.

BMI explained that while domestic demand will continue to anchor expansion, the new US tariff, coupled with weakening global conditions in the second half of the year, will weigh on exports and investor sentiment.

Although interest rates have eased from their peak, the firm cautioned that volatile US trade policies will limit foreign direct investment inflows, leaving little scope for a significant investment rebound in the near term.

Source: fibre2fashion.com– Aug 27, 2025

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Bangladesh gets investment proposals worth $1 bn in Jan-May 2025: BIDA

Bangladesh has received investment proposals worth nearly $1 billion in the first five months this year, according to the Bangladesh Investment Development Authority (BIDA).

Of the total, foreign investors accounted for $550 million, while local investors proposed $450 million.

Around a fifth of the proposals have reached an advanced stage, which includes signed agreements, land lease approvals and allotment letters, said Nahian Rahman Rochi, head of business development at BIDA.

The figures indicate rising investor interest in Bangladesh's special economic zones (SEZs), he was cited as saying by domestic media reports.

As BIDA’s focus is not just on the volume, but also on the quality and sustainability of investments, if this momentum continues and facilitation becomes more streamlined, the next five months could yield even better outcomes, Rochi said.

The Bangladesh Economic Zones Authority (BEZA) said about three-fifths of the proposed investments are still in the exploratory stage, which includes feasibility studies and early project discussions. A fifth is undergoing detailed assessment before documentation.

Source: fibre2fashion.com– Aug 28, 2025

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NATIONAL NEWS

Trump tariffs: Textile industry negotiates rates with customers as additional tariffs kick in

The multi-billion-dollar Indian textiles and leather business faces uncertainty following the additional 25 per cent US tariff on India from August 27. Companies have pushed most of the inventory to the US in the last couple of months to avoid the additional tariffs, but there are still tonnes of garments and leather goods lying in warehouses.

There is increasing pressure on Indian companies from customers to share the cost with discounts ranging between 5 per cent and 25 per cent on goods, said sources.

"We will know the impact of this fallout only by the next two weeks as many tried to push deliveries for September by last week," " said Thirukkumaran Natarajan, Chairman of Tiruppur-based Esstee Exports India Pvt Ltd.

The revenue loss could be ₹1,300 crore to ₹1,500 crore per month for Tiruppur exporters, and ₹4,000 to ₹4,250 crore per month pan-India, he said. Its advantage Bangladesh, Vietnam, Cambodia and Pakistan at much lower tariffs, he added.

When asked why the goods meant for the US cannot be sold in India, he said it is tailor made to the US market with brand name of the brand which cannot be sold in the domestic market. A source said that due to the huge volumes, the US-bound goods cannot be altered and sold in India. The solution now is to negotiate with the customers on discount.

Dr. Siddhartha Rajagopal, Executive Director, the Cotton Textiles Export Promotion Council (Texprocil) said while many exporters have shipped the goods in the hope of beating the deadline, some were hoping that the additional tariffs may be deferred and hence were holding on to the merchandise.

New orders are on hold as buyers are looking for discounts up to 20-25 per cent and if this trend continues job losses cannot be ruled out.

The 50 per cent reciprocal tariff will literally drive the Indian apparel industry out of the US market, as the 30-31 per cent tariff disadvantage compared to major competing countries is simply unworkable, said Mithileshwar Thakur, Secretary General, Apparel Export Promotion Council. India's annual exports to the US in FY25 were valued at $86.5 billion, with textiles exports worth $10.3 billion being one of the worst impacted sectors, he added.

Exports to the US fall under three categories — round the year, seasonal trade, and direct trade with brands and buyers. A decision needs to be taken on how to handle requests for discounts on goods subject to higher taxes, instructions to temporarily suspend pending orders, and the cancellation of many orders, said Kumar Duraisamy, Joint Secretary, Tiruppur Exporters' Association, at an interactive session on the challenges faced by Tiruppur exporters.

The industry is intensifying its efforts towards market diversification, and is looking at every possibility to take advantage of the trade deal with UK and EFTA countries to contain the damage, he said.

According to Rahul Mehta, Chief Mentor at the Clothing Manufacturers Association of India (CMAI) and Director at Creative Group of Companies, "This is a disastrous situation for the industry, especially for exporters dependent on the US. market.

At some stage, there will likely be a political resolution, because even for American consumers, paying an additional 50 per cent is not sustainable. Buyers too will weigh their options- it is not easy to suddenly replace a $50 million or $500 million business, so they may choose to absorb part of the cost increase to ensure continuity of supply."

While large exporters may find ways to cushion the impact, including nearshoring or negotiating with buyers, the real challenge will be for MSMEs, who account for nearly 80 per cent of India's garment exports to the US. Out of India's annual $5.5–6 billion apparel exports to the US, $3–3.5 billion worth of orders are currently at stake. For small and mid-sized players, such disruptions could be a severe blow, he said.

Manish Gupta, Deputy Chief Rating Officer, Crisil Ratings, said that post 50 per cent tariffs, Indian exports to the US may be minimal, despite limited capacity of competing nations in value-added garments and lead time taken by big-box retailers in the US to re-align sourcing arrangements. “Overall, we expect the share of the US in India’s RMG exports to fall from 33 per cent last fiscal to 20-25 per cent this fiscal,” he added.

According to Sivaramakrishnan Ganapathi, Vice Chairman and MD, Gokaldas Exports: “We have tried to de-risk our business model by expanding our product range and building manufacturing facilities across continents. We have become more agile, and can quickly add production capacity in favourable locations.

We are looking at newer markets to add to our existing mix, which is currently US focused. Recently, we have acquired fabric maker BTPL as a part of backward integration to boost our operating margins. The India-US tariff scenario is an unprecedented event. We will explore all options to hold on to our existing customers, while we simultaneously try to diversify our markets and production locations.”

Leather goods

It’s a similar situation in the leather sector. “We cannot quantify the inventory. But it’s going to be millions of dollars. We have started looking at other markets. Also, we are supporting the customers by sharing the tariffs. They want us to bear 25 per cent, but we are still negotiating how to solve it,” said Sanjay Lulla, Managing Director, SM Lulla Industries Worldwide, which export high fashion leather garments to Europe and the US.

“We have not agreed for the discounts. We are finding ways to give lower priced leather and lower cost accessories. We are also looking at other markets such as Russia and Australia, ,” he said.

Source: thehindubusinessline.com– Aug 26, 2025

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Central Government extends import duty exemption on cotton till 31st December 2025

To augment availability of cotton for the Indian textile sector, the Central Government had temporarily exempted the import duty on cotton from 19th August 2025 till 30th September, 2025.

In order to support exporters further, the Central Government has decided to extend the import duty exemption on cotton (HS 5201) from 30th September 2025 till 31st December 2025.

Notification to follow.

Source: pib.gov.in– Aug 28, 2025

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India extends cotton import duty exemption till December, a day after US's 50% tariff takes effect

New Delhi: A day after the US's 50% tariffs on Indian goods took effect, the Indian government extended the exemption on raw cotton import duty and agriculture cess till 31 December 2025.

The relief, which was initially notified for the period between 19 August and 30 September, has now been expanded to cover the last three months of the year, according to the finance ministry. Before the exemption, cotton imports into India attracted a combined duty of around 11%.

The decision, while aimed at shoring up supplies for the domestic textile industry ahead of the festival season, is also being seen as a calibrated gesture toward Washington at a time of strained trade relations.

This comes at a crucial time in India-US trade relations, with Washington recently imposing steep reciprocal tariffs on Indian exports and a standstill in trade talks. As per the joint statement issued by the leadership of both countries on 13 February, the first tranche of the Bilateral Trade Agreement (BTA) has to be finalised by the fall of 2025.

“This is a calibrated gesture that addresses US concerns while safeguarding domestic sensitivities,” said Ajay Srivastava, founder of the Global Trade Research Initiative (GTRI). The extension window will allow New Delhi to retain bargaining leverage in bilateral talks, which stalled after the US cancelled its latest negotiating round, he said.

India’s cotton output has been falling, from about 33.7 million bales in FY23 to an estimated 30.7 million bales in FY25, forcing mills to step up imports. Industry associations had been warning that tight supplies could push up yarn and garment costs, threatening export competitiveness. With nearly 35 million people dependent on the cotton value chain and textiles accounting for about 80% of India’s textile exports, the government hopes the duty relief will cool raw material prices.

For American exporters, the move offers a direct opening. Almost all of India’s $1.2 billion cotton imports in FY25 were of fibre staple length 28 mm or above, a segment where the US is a leading supplier.

“Cotton was a sticking point in the discussions. This move can inject goodwill into the dialogue and perhaps pave the way for broader tariff concessions in textiles,” said an executive with a leading apparel exporters’ association.

India’s cotton imports surged to 2.71 million bales in FY25 from 1.52 million bales in FY24, with the US, Brazil, Egypt and African producers such as Benin and Tanzania among the key suppliers.

While Washington’s tariff hike has cast a shadow over bilateral trade prospects, New Delhi’s move on cotton is being read as an attempt to soften the edges of the dispute.

As per the findings of Crisil Ratings, revenue growth of India’s readymade garment (RMG) industry is set to nearly halve year-on-year this fiscal, as the imposition of 50% tariffs by the US on imports from India becomes effective from 27 August. This, coupled with a decline in profitability, will impact the credit metrics of industry players. The impact will vary by company, with some deriving more than 40% of their revenue from the US, it said.

Source: livemint.com– Aug 28, 2025

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India's first counter to Donald Trump's tariffs: Textile exports to be pushed; 40 countries in focus amidst 50% duties

NEW DELHI: India in its first countermeasure to US President Donald Trump's 50% tariff on Indian goods, announced dedicated outreach programmes in 40 key markets, including the UK, Japan, and South Korea, to boost textile exports, an official said on Wednesday.The targeted push will also cover Germany, France, Italy, Spain, the Netherlands, Poland, Canada, Mexico, Russia, Belgium, Turkiye, the UAE, and Australia.

"In each of these 40 markets, this is proposed to pursue a targeted approach, positioning itself as a reliable supplier of quality, sustainable, and innovative textile products with the lead role of the Indian industry, including EPCs and Indian Missions in these countries," the official told news agency PTI.

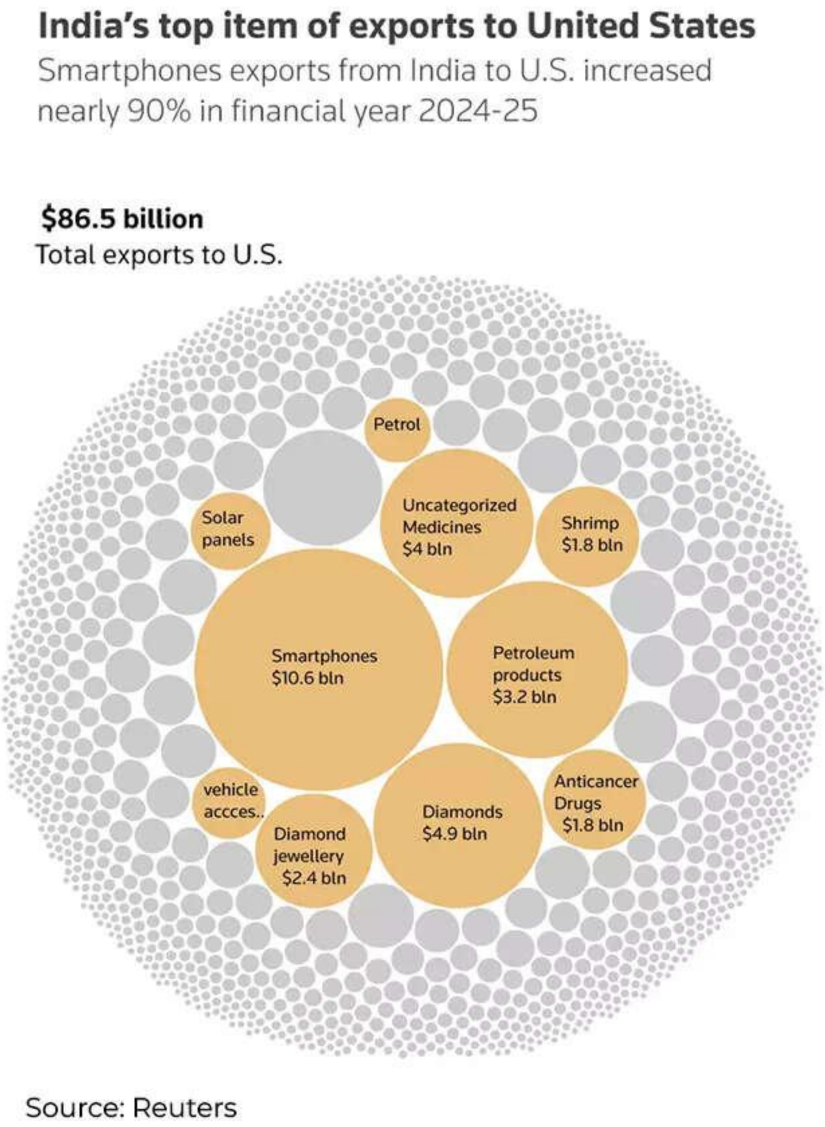
The plan aims to position India as a reliable supplier of sustainable and innovative textile products, with Export Promotion Councils (EPCs) and Indian missions playing a lead role, officials added.

As Trump's tariffs took effect, high-ranking government officials asserted that alarm was unnecessary and the projected consequences of Trump's imposed duties might be overstated. "The impact is not as is being projected. Our exports are quite diversified, and we are not so dependent on the US market.

There are no large distress signals; industries are not shutting down. Some (manufacturing) units may take a hit, but not the entire sector. We have had challenges in the past, too, and we are hopeful that we have enough resilience to overcome this one," an official told TOI.The 50% tariff effective on August 27, is set to hit major sectors including textiles, gems and jewellery, shrimp, leather, footwear, chemicals, and machinery.

India plans 40-country outreach strategy

Currently, India exports to more than 220 countries, but officials say 40 select markets, including the UK, Japan, South Korea, Germany, France, and Australia—hold the real key to diversification. These nations together import over $590 billion worth of textiles and apparel annually, offering vast opportunities for India to enhance its market share, which currently stands at only around 5-6%, the official said."Recognising this, the government is planning dedicated outreach programmes in each of these 40 countries, with a focus on both traditional markets and emerging markets," he added.



Role of EPCs and FTAs

The official said Export Promotion Councils (EPCs) will play a central role in India's diversification push. They will carry out market mapping, identify high-demand products, and connect specialised clusters, such as Surat, Panipat, Tirupur, and Bhadohi, to opportunities in the top 40 target countries.

EPCs will also drive India's presence at international trade fairs, exhibitions, and buyer-seller meets, while running sector-specific campaigns under a unified Brand India identity. In addition, they will guide exporters on leveraging free trade agreements (FTAs), meeting global sustainability standards, and obtaining required certifications. "FTAs and negotiations with several of these geographies will help make Indian exports competitive, and there is a huge potential for growth in these areas," the official added.

Textile industry among worst hit

Experts have warned that the tariff war could damage both economies. Mark Linscott, Senior Advisor with The Asia Group, called it a shift from a "win-win" to a "remarkable lose-lose" situation.

The Trump administration's steep import duties will hit key Indian sectors such as textiles and clothing, gems and jewellery, shrimp, leather and footwear, animal products, chemicals, and electrical and mechanical machinery.

Sector-wise Impact of US Tariffs On Indian Exports

Product Group	Exports to USA ($ bn, FY2025)	US Share in India's Exports (%)	US MFN Tariff (%)	New Trump Tariff (%)	Total Tariff Payable (%)	Impact on India
Shrimps	2.0	32.4	0.0	50.0	60.0	V High, 10% CVD
Petroleum products	4.1	4.3	6.9	0.0	6.9	Low
Organic chemicals	2.7	13.2	4.0	50.0	54.0	V High
Pharmaceuticals	9.8	39.8	0.0	0.0	0.0	Low
Carpets	1.2	58.6	2.9	50.0	52.9	V High
Apparel; knitted	2.7	34.5	13.9	50.0	63.9	V High
Apparel; woven	2.7	32.2	10.3	50.0	60.3	V High
Textiles, made up	3.0	48.4	9.0	50.0	59.0	V High
Diamonds, gold and products	10.0	40.0	2.1	50.0	52.1	V High
Steel, Aluminium, Copper	4.7	16.6	1.7	50.0	51.7	High
Machinery and mechanical appliances	6.7	20.0	1.3	50.0	51.3	V High
Smartphones	10.6	43.9	0.0	0.0	0.0	Low
Vehicles, and parts (HS87)	2.6	11.4	1.0	25.0	26.0	Medium,
Furniture; bedding, mattresses	1.1	44.8	2.3	50.0	52.3	V High

Source: GTRI analysis based on DGCI&S data and US tariff notifications

In 2024-25, India's textile and apparel sector alone is projected at $179 billion, with a domestic market of $142 billion and exports worth $37 billion.

Globally, the textile and apparel import market stood at $800.77 billion in 2024. India, with a 4.1% share, is the sixth-largest exporter, maintaining its presence across 220 countries, but still holding vast room to grow.

Mithileshwar Thakur, Secretary General of the Apparel Export Promotion Council (AEPC), said the additional tariff has created a 30-31% cost disadvantage compared to rivals like Bangladesh, Vietnam, and Sri Lanka.

"The apparel industry was reconciled to the 25 per cent reciprocal tariff announced by the USA, as it was prepared to absorb a part of the tariff increase. But, the additional burden of another 25 per cent tariff, taking the overall reciprocal tariff against India to 50 per cent, has effectively driven the Indian apparel industry out of the US market as the gap of 30-31 per cent tariff disadvantage vis-a-vis major competing countries like Bangladesh, Vietnam, Sri Lanka, Cambodia & Indonesia," Thakur told PTI.

"This is extremely critical as it is not easy to recover the lost ground and regain market share, once buyers move away to other cost-competitive locations. In the meantime, we are also intensifying our efforts towards market diversification and looking at every possibility to take advantage of the trade deal with the UK and EFTA countries to control and contain the damage," he added.

Government's next steps

The commerce ministry will meet exporters this week from affected sectors, including chemicals and jewellery, to find ways to reduce the tariff shock.

Officials said work is progressing on the proposed Export Promotion Mission (Budget 2025-26), which will serve as a long-term strategy for market diversification." In the next 2-3 days, the ministry will meet stakeholders on the diversification of exports," the official added.

Source: timesofindia.com– Aug 28, 2025

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India Reels at Trump's Highest Tariffs Yet

When the full weight of the 50 percent U.S. tariff on Indian goods went into effect on Wednesday, it was 9:30 in the morning on a Hindu holiday in India. Overnight prayers for a miracle had gone unanswered.

Minutes later, Chandrima Chatterjee, the secretary general of the Confederation of Indian Textile Industry, had to ask twice whether it had actually happened. "Yesterday we were already in a state of shock," she said. But "when there's bad news you keep expecting something good to happen," Ms. Chatterjee explained.

India has had less than a month to adjust to the fact that President Trump deemed it "not a good trading partner" and deserving of punishment. After months of hopeful negotiations over the details about soybeans and trade surpluses, on July 30 India found out that it was getting stuck with a 25 percent rate.

A week later, the other shoe dropped: An additional 25 percent penalty would be applied because India buys Russian crude oil. Those tariffs took full effect on Wednesday. Though China won a three-month reprieve in its tariff negotiations, a truce that lasts until November, against India Mr. Trump did not chicken out.

On Ganesh Chaturthi, a celebration of the elephant-headed god of overcoming obstacles, the stock market in the financial capital of Mumbai was closed. But Indian market indexes lurched in anticipation on Tuesday, losing a percentage point of value in their worst performance of the summer.

The pain of steep U.S. tariffs will not be evenly distributed. Huge parts of India's economy are disconnected from world trade, and the country's stock market is buoyed by the savings of Indians who have nowhere better to put their money. Some products, like pharmaceuticals and smartphones, are exempt from tariffs, for now. But the parts of the economy that are affected by the U.S. levies include businesses that provide mass employment.

Source: nytimes.com– Aug 27, 2025

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India's labour intensive sectors brace for 70% export collapse as US goes ahead with 50% tariffs: GTRI

Trump tariffs on India: The United States has moved to raise tariffs on Indian imports, with an additional 25 per cent duty set to push the overall rate to 50 per cent. The Department of Homeland Security confirmed the new measures will take effect from 12:01 am Eastern Daylight Time on 27 August as per their latest draft notice. The step follows US President Donald Trump's Executive Order 14329, signed earlier this month, which directs agencies to act against what Washington calls threats linked to Russia and its trade partners.

According to the draft notice issued by the Department of Homeland Security, the duties target India under the policy of countering "threats to the United States by the government of Russian Federation."

"The duties set out in the Annex to this document are effective with respect to products of India that are entered for consumption, or withdrawn from warehouse for consumption, on or after 12:01 am Eastern Daylight Time on August 27, 2025," it stated.

The order also referred to earlier restrictions. "To address that unusual and extraordinary threat to the national security and foreign policy of the United States, Executive Order 14066 prohibited, among other things, the importation into the United States of certain products of Russian Federation origin, including crude oil; petroleum; and petroleum fuels, oils, and products of their distillation," the notice said.

A wide range of Indian goods are covered under the new decision. The document made clear that the tariffs apply to any items arriving for use in the United States or released from warehouses after the cut-off time.

Reason for the move

President Trump said the decision was linked to India's continued purchase of Russian oil, which Washington argues helps fund Moscow's war against Ukraine. Speaking earlier this month, Trump had warned that further sanctions or tariffs could follow if no breakthrough emerged in peace talks. "That's going to be up to them. It takes two to tango, I always say, and they should meet," he said, referring to stalled negotiations between Russian President Vladimir Putin and Ukraine's Volodymyr Zelenskiy.

India pushes back

India has condemned the additional duties as “unfair, unjustified and unreasonable”. Officials have said they hope progress in peace talks could eventually lead to the withdrawal of tariffs but stressed that New Delhi will continue to protect its national interests. Prime Minister Narendra Modi reiterated this message during a rally in Ahmedabad on Monday.

“No matter how much pressure comes, we will keep increasing our strength to withstand it. Today, the Atmanirbhar Bharat Abhiyan is getting a lot of energy from Gujarat and behind this are two decades of hard work,” Modi said.

He also pledged that his government would not allow harm to farmers, small entrepreneurs, or livestock rearers. “From the soil of Ahmedabad, I wish to tell you, promise you from the land of Gandhi, that the interests of small entrepreneurs, shopkeepers, farmers and livestock rearers are of utmost priority for Modi... Dabav kitna hi kyun na aaye, hum jhelne ki apni takat badhate jayenge,” he added.

Meanwhile, Foreign Minister S Jaishankar, speaking in Delhi on Saturday, mocked Washington’s stance.

"It’s ironic for a pro-business American administration to accuse others of doing business," he quipped, when asked about the US criticism. Taking a sharper swipe, he added, "If you don’t like Indian oil or refined products, don’t buy them. Nobody is forcing you. But Europe buys, America buys. So if you have a problem, just stop buying."

The tariffs mark a setback in US–India trade relations, with a planned round of bilateral talks already postponed. Washington has so far avoided imposing similar measures on other major buyers of Russian crude, most notably China. Meanwhile, Modi and Putin have held talks in recent weeks, with India signalling its intent to continue sourcing energy from Moscow. The sharp escalation in tariffs now sets up a period of economic friction between two major trading partners, even as global efforts to bring Russia and Ukraine to the negotiating table remain at an impasse.

Source: economictimes.com– Aug 26, 2025

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Exporters rush to clear US orders ahead of tariff deadline

Kolkata: Exporters of diamond jewellery, textiles and marine products are rushing to clear their US orders either by air or sea ahead of the August 27 deadline when Trump's proposed 25% additional tariff on Indian imports will take effect. In the past week, exporters completed producing all pending orders from the US, exporting most by sea while sending final shipments by air cargo despite higher costs to ensure the goods reach before the deadline.

As per the tariff order, the US will levy a 50% tariff on Indian exports to the country from August 27. Shipments in transit and shipped before the deadline must land in the US on or before September 16 as the tariff on such goods will be levied at 50% from September 17. Washington imposed an across-the-board 25% tariff on all Indian-origin goods effective August 7. It later levied an additional duty of 25% on Indian goods as a penalty for importing crude oil from Russia. Sea shipments to the US usually take 25-30 days.

Diamond jewellery production accelerated in the last fortnight at Mumbai's Santacruz Electronic Export Processing Zone (Seepz) as US buyers pushed Indian exporters to send orders placed in July within August 27 by air to beat the deadline.

India's gem and jewellery exports in August are likely to be 15% higher year-on-year as it would also cover September sales shipments, said Adil Kotwal, president, Seepz Gems & Jewellery Manufacturers' Association. "Workers at the 200-odd units in Seepz have worked over the last weekend to finish all the orders so that they can be shipped out before August 27," he said.

Seepz Mumbai exports more than ₹20,000 crore worth of gems and jewellery each year. In Surat, too, diamond exporters are in a hurry to send consignments of loose cut and polished diamonds before the 25% tariff becomes effective.

Jayantibhai Savalia, regional chairman (Gujarat) at Gem & Jewellery Export Promotion Council, said exporters negotiated their margins with US clients prior to shipments. India exported $10 billion worth of gems and jewellery to the US in FY25.

The US is India's largest trading partner. During April-July, India's exports to the US rose nearly 22% to $33.53 billion while imports climbed over 12% to $17.41 billion, as per government data. The surge in exports is attributed to frontloading of inventory by US importers before the increased tariffs kick in. In textiles and apparel, most of the frontloading happened in July and only the pending orders are currently being rushed by air.

"Shipments sent now are all Christmas and New Year orders. Now the last leg of orders are underway," said Chandrima Chatterjee, secretary of Confederation of Indian Textiles Industry. In July, India's textile and apparel exports increased 5.4% year-on-year due to frontloading. India annually exports textile and apparels worth $7 billion to the US.

The apparel production hubs of Tirupur and Noida are experiencing a similar scenario. "My units have worked overtime this month to send readymade garments to the US. We have already shipped most of the orders. Whatever is left now, we will be sending by air cargo," said Anurag Kapoor, managing director at Noida-based Radnik Exports, which employs 20,000 people.

Exports of marine products and engineering goods-which are heavily reliant on ships-sent their final pending consignments last week. Rajarshi Banerji, managing director at Razban Sea Foods, said the last phase of shipments happened last week.

India exported $2.71 billion worth of seafood to the US in FY25. "Despite the rush to send as much goods as possible, the shipping lines have not charged any extra from us," said Pankaj Chadha, chairman at EEPC India.

Trade sources said some of the jewellery exporters are sending unfinished jewellery items for pending orders to Dubai and giving them finishing touches there for onward shipments to the US. Dubai has a lower US tariff of 10% and the import duty on Indian jewellery is 5% there. "A few are doing this for their survival. Most of the exporters are exploring newer markets," said Savalia.

Source: economictimes.com– Aug 26, 2025

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Textile exporters may shift base abroad to cater to US markets

While Indian companies that can negotiate complex sourcing may retain the US market, it is the smaller players and suppliers that will be at the receiving end.

India's textile and garment exporters are weighing various options including shifting the final stage of manufacturing to geographies as diverse as Bangladesh, Sri Lanka, Ethiopia, Egypt, Indonesia and Jordan to keep their US business intact after the imposition of additional 50% tariffs effective Wednesday.

The industry has already pushed out winter orders for the US and is now in the process of working on spring orders for which agreements with the US brands have already been signed. Following the tariffs some of the buyers are asking for additional discounts ranging from 5% to 20%, chairman of CTA Apparels Mukesh Kansal said.

Buyers seek discounts, exporters juggle supply chains

This is the period when the negotiations happen for next year summer orders and talks have started. "Buyers have also shown an understanding of the situation.

The entire value chains from yarn, fabrics and even suppliers of trims and retailers will have to absorb the impact of tariff increase," team leader at Triburg Consulting Sanjay Shukla said. Triburg offers services for the apparel, accessories, and home products industries with vendors located in India, Bangladesh, and Indonesia.

The apparel exported from India is sold at 3-6 times the cost in the US stores and even a 10% increase in retail price is enough to absorb the tariff impact, Kansal said. Products like dress shirts can be moved to Ethiopia, denim, knitwear and wovens can be processed from Jordan, Shukla said.

While with Bangladesh logistics issues exist after the port and transit restrictions were placed by both countries some of the fabric that the exporters source from China and other countries can be landed directly in Bangladesh and exported from there. Some of the processing can be done by units set up by Indian companies in these geographies while for some the facilities of partners can be used, Shukla said.

A lot of juggling is going on and brands are hoping that things will settle down, he added. While Indian companies that can negotiate complex sourcing may retain the US market, it is the smaller players and suppliers that will be at the receiving end. There is fear of job losses if the stand-off on tariffs is not resolved with the US.

Margin pressure and worker concerns

The countries that can be the conduits for India's exports have much less tariffs than India. Bangladesh faces a 20% tariff, Indonesia 19%, and Sri Lanka 30%. The countries in other geographies have only a 10% baseline tariff to pay.

Apart from managing complex supply chains, the exporters will also have to work with much lower margins. If they do not accept orders then they will also have to pay their staff and suffer losses or they accept orders and continue to work with the hope that things will be sorted out in next 2-3 months, secretary general of Apparel Export Promotion Council Mithileshwar Thakur said.

About the threat of job losses going forward, Kansal said in fact there is a shortage of workers in many export clusters and orders from other markets like Europe remain intact.

The industry can also take comfort from the fact that between 20-40% of apparel exports to the US are unique to India and cannot be replicated by other suppliers. These include garments with complex styling and embellishments which also fetch good value per unit, Kansal said.

Source: financialexpress.com– Aug 27, 2025

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Textile units in Surat, Tiruppur halt production; large-scale job losses seen

Export-oriented textiles and apparel manufacturers in the industrial hubs of Tiruppur, Noida, and Surat have halted production, fearing a worsening of cost competitiveness in the US market owing to the 50% additional tariff, the Federation of Indian Export Organisations (FIEO) said on Tuesday.

The traders' body also said that among seafood export units, the tariff increase risks stockpile losses, disrupted supply chains, and farmer distress.

Indian exporters lose ground to regional rivals

The textile units are losing ground to lower-cost rivals from Vietnam and Bangladesh, the FIEO President S C Ralhan said, while urging the government to unveil support measures to sustain the export momentum from the labour-intensive industry.

"About 55% of India's US-bound shipments worth $ 47–48 billion are now exposed to pricing disadvantages of 30–35%, rendering them uncompetitive in comparison to competitors from China, Vietnam, Cambodia, Philippines and other Southeast and South Asian countries," Ralhan said.

"However, leveraging the negotiating window for urgent diplomatic engagement with the US still remains the key. Yet another approach could be the promotion of Brand India and innovation through enhanced global branding, investment in quality certifications, and embedding innovation in export strategy to make Indian goods more attractive globally," he added.

Among various product categories, India's competitors include Myanmar that has 40% US tariff, Thailand (19%), Cambodia (19 %), Bangladesh (20%), Indonesia (19%), China and Sri Lanka (both 30 %), Malaysia (19 %), the Philippines (19%) and Vietnam (20%).

On other labour-intensive sectors of exports like leather, ceramics, chemicals, handicrafts and carpets the industry faces a sharp erosion of competitiveness, particularly against European, South East and Mexican producers. Delays, order cancellations, and negated cost advantages loom large on these sectors, Ralhan said.

FIEO chief said there is need for immediate government support which includes push for interest subvention schemes and export credit support to sustain working capital and liquidity. To further support this, low cost of credit and easy availability of credit with emphasis on MSMEs with the support from banks and financial institutions with special direction in this regard both from the Govt and the Reserve Bank of India is needed.

Ralhan also called for a moratorium on payment of principal and interest for loans up to a period of 1 year. Additionally, automatic enhancement of the existing limit by 30% along with collateral free lending.

Exporters said trade agreements with the EU, Oman, Chile, Peru, GCC, Africa, and other Latin American countries with a provision for early-harvest for labour-intensive sectors should be prioritised. However, leveraging the negotiating window for urgent diplomatic engagement with the US still remains the key, they feel.

While winter orders are few, the exporters of apparel are sitting on spring orders that are shipped between October and December. The buyers are asking for a 30% discount to level the prices with competing countries which have 20% tariffs in the US, secretary general of Apparel Export Promotion Council Mithilishwar Thakur said. “The exporters may take that 30% hit for a few months to retain relationships with buyers and keep their workers engaged but unless some kind of a solution is found the lay-offs may start,” Thakur added.

Looming layoffs and urgent call for relief

Nearly a third of India’s textile and apparel exports of $37 billion go to the US. “The recent US duty hike has put ₹72,000 crore of Indian textile & apparel exports at risk, creating a 30–31% duty gap against competing nations,″ said Prabhu D, convenor of the Coimbatore-based Indian Texpreneurs Federation (ITF). The federation represents the entire textile value chain, including spinning units, weaving firms, and exporters of apparel and home textiles.

Prabhu said exporters have poured substantial sums into capacity expansion over the past 2–3 years to capitalise on the China Plus One strategy and secure more US buyers. “Those investments and jobs are now at risk.”

The 50% tariff places India at a major disadvantage against key competitors such as Bangladesh, Vietnam, and Indonesia, which face much lower duties in the range of 19-20%. Industry experts warn that India’s uncompetitiveness in exports could trigger mass layoffs in the country’s second-largest employment-generating sector, which employs over 45 million people. “Treat this as a Covid-like crisis and extend relief across the entire textile value chain,” Prabhu said, urging a one-year moratorium on term loan repayments.

Until a bilateral trade agreement with the EU is in place, the industry is pressing for time-bound, targeted export incentives for EU markets, where annual apparel imports total $92 billion—nearly 15% higher than the US—but India accounts for just a 5% share.

Source: financialexpress.com– Aug 27, 2025

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Trump Tariff: TN textile hub feels the heat; hopes for early respite

The 50% tariff imposed by the US on Indian textile exports is set to hit Tamil Nadu particularly hard. The state is home to Tiruppur, one of the country's largest textile hubs, which accounts for nearly 60% of India's knitwear exports.

Chief Minister M.K. Stalin has written to Prime Minister Narendra Modi, warning that the tariff could severely affect Tamil Nadu's textile and apparel sector. He urged the Centre to provide special financial assistance to exporters. Tamil Nadu alone contributed $8 billion — 26.8% of India's total textile exports worth $37 billion — in FY25.

K.M. Subramanian, president of the Tiruppur Exporters Association (TEA), said: "Nearly 60% of knitwear exports come from Tiruppur. Last year, our exports were worth ₹45,000 crore. With the new tariff, business worth ₹12,000 crore is immediately at risk. We urgently need the Union government to intervene with the US and provide financial support to exporters and manufacturers."

Tiruppur employs over 8-9 lakh people in their 2,500 factories across the district. Over 60% of these are women.

Raja M Shanmughan, an exporter and former president of TEA, says, "In the past 10 days, shipment worth 4,000 crore has been stopped because of the US tariffs. For the past two months, Indian exporters and the US importers have been sharing the basic tariff 10%."

On the possibility of retrenchment, Subramanian says that they are analysing the losses and nothing can be said for the time being. Shanmugham said that some of the units in Tiruppur are shut because the consignment has been put on hold, but no job losses as of now.

India has set a target of $100 billion in textile and apparel exports by 2030. But exporters and trade experts are skeptical. With India's current exports at $37 billion, the additional 50% tariff makes the goal difficult to achieve in the next five years. Some estimates suggest the tariff could hit 28–40% of India's overall textile business with the US.

According to the Confederation of Indian Textile Industry (CITI), India exported over $10 billion worth of textiles and apparel to the US in FY25. But growth has slowed. In June 2025, exports to the US grew just 3.3% year-on-year — well below India's previous trajectory and far behind Vietnam and Bangladesh.

Losing ground to Vietnam

Data from CITI and OTEXA show India is losing market share to Vietnam. Between January and June 2025, India's textile exports to the US stood at $5.36 billion, while Vietnam's rose 18.5% to $8.54 billion. India's monthly exports fell from $860 million in January to $770 million in June.

Adding to exporters' woes, an additional MFN duty of 1–14% will take effect on August 28. Combined with the 50% tariff, total duties on Indian textiles in the US could climb to 59–64%, according to the Global Trade Research Initiative (GTRI).

"India can absorb the shock as over 60% of our textile output is consumed locally," said Ajay Srivastava, founder of GTRI.
Exporters, however, hope the additional 25% tariff is temporary. A. Sakthivel, chairman of the Apparel Export Promotion Council and honorary chairman of the Tiruppur Exporters Association, said:

"I believe it is only a matter of two to three weeks before the additional 25% is rolled back."

Diversification attempts

India is looking to diversify markets through new trade agreements. A free trade pact with the UK has already been signed, and another with the EU is expected soon. Subramanian said these deals could help offset nearly 50% of losses. "But an early resolution of tariff issues with the US remains critical," he added.

Others are less optimistic. CITI noted that potential benefits from the UK FTA will likely materialize only from 2026.

Representatives from the Tiruppur Exporters Association, the Federation of Indian Export Organisations, and the Apparel Export Promotion Council have sought a meeting with Prime Minister Modi to discuss their concerns.

Meanwhile, the Union government has waived the 11% import duty on cotton between August 19 and September 30, giving manufacturers temporary access to cheaper, high-quality cotton. However, industry players note that the relief is short-lived, as the exemption lasts only 40 days, and India imports only long-staple cotton (over 26mm) that is grown in limited quantities domestically.

Source: newindianexpress.com– Aug 26, 2025

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India's labour intensive sectors brace for 70% export collapse as US goes ahead with 50% tariffs: GTRI

The exports of the labour intensive sectors in the country brace for a collapse of up to 70 per cent as US tariffs set to take effect, according to a report by the Global Trade Research Initiative (GTRI).

The new tariff regime set to take effect from August 27 as US Custom department published draft on Tuesday.

As per the GTRI report it will impact a large portion of India's export basket, particularly in sectors generating massive employment.

The report said "Labour-Intensive Sectors Brace for 70 per cent Export Collapse"

The report noted that U.S. tariffs will hit 66 per cent of India's total exports worth USD 86.5 billion, amounting to USD 60.2 billion in goods, which will face duties of 50 per cent or higher.

Among the most vulnerable sectors are textiles, gems and jewellery, and shrimp exports. On the other hand, around 30 per cent of exports to the U.S. worth per cent 27.6 billion will remain duty-free, largely dominated by pharmaceuticals, APIs, and electronics.

Medicines alone account for 56 per cent of the exempted shipments, giving some relief to the sector.

Labour-intensive industries, however, are expected to take the sharpest hit.

As per data, shrimp exports worth USD 2.4 billion, which constitute 32 per cent of India's share in the U.S. market, will now face a total tariff of 60 per cent, putting aquaculture hubs in Visakhapatnam at severe risk.

The diamond and jewellery sector, with exports of USD 10 billion and a 40 per cent U.S. market share, will be hit by tariffs of 52.1 per cent, threatening lakhs of jobs in Surat and Mumbai.

Similarly, textiles and apparel exports valued at USD 10.8 billion, accounting for 35 per cent share, will face tariffs of 63.9 per cent, creating immense pressure on hubs such as Tirupur, NCR, and Bengaluru.

Carpets worth USD 1.2 billion and handicrafts of USD 1.6 billion are also expected to face near-collapse, with countries like Turkey and Vietnam poised to capture India's lost market.

Agrifood exports worth USD 6 billion, including basmati rice, spices, and tea, will also be struck by 50 per cent tariffs, allowing competitors such as Pakistan and Thailand to gain an edge.

Steel, aluminium, and copper exports worth USD 4.7 billion, along with organic chemicals worth USD 2.7 billion, will be subject to tariffs above 50 per cent, creating a crisis for MSMEs.

The GTRI report suggested several measures to counter the U.S. tariff shock. These include tax reforms and ease-of-business measures, along with a Rs 15,000 crore interest equalisation scheme to shield MSME exporters. Targeted credit lines and wage support have been proposed for shrimp, apparel, jewellery, and carpet hubs.

The report also highlighted the need to strengthen refund schemes like RoDTEP, which neutralises hidden taxes on all exports, and RoSCTL, which provides rebates on state and central levies for textiles and apparel, to help reduce costs and maintain competitiveness in global markets.

It also urged the government to push market diversification with trade missions to the EU, Gulf, and East Asia.

It further highlighted the need to establish "India+1" export hubs in the UAE, Mexico, and Africa as a strategy to bypass the steep tariffs imposed by the U.S.

Source: economictimes.com– Aug 26, 2025

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Indian yarn imports remain strong despite Bangladesh's land port ban

Bangladesh's restrictions on importing yarn from India through land ports have had little impact on overall inflows, as traders have quickly shifted shipments to sea routes.

Data from the National Board of Revenue (NBR) shows yarn imports from India fell by only 230,000 kilograms in the three months after the April ban compared with the preceding three months. Before the restrictions, monthly imports averaged 50 million kilograms; this fell to about 40 million in May and June, but surged again in July to over 53 million kilograms.

Textile entrepreneurs said yarn shipments through land ports were often misdeclared, with higher-count yarn smuggled in alongside lower grades, hurting local mills. The suspension of land port imports curbed such irregularities and boosted demand for domestically produced yarn. Industry leaders, however, stressed that stricter monitoring—including yarn count testing at Chattogram port—will be essential to fully eliminate malpractice.

The Ministry of Commerce halted yarn imports through Benapole, Bhomra, Sonamasjid, Banglabandha, and Burimari land ports on April 15, following complaints from mill owners. The decision came just days after India withdrew facilities for Bangladeshi goods to use its ports for third-country transhipment. India has since imposed several phases of export restrictions on various goods, including garments, jute, food products, and plastics.

Despite the restrictions, India remains Bangladesh's top source of yarn. Between January and July, Bangladesh imported 720 million kilograms of yarn worth US $ 2.2 billion. Of this, 47% came from India, followed by 38% from China. Imports from India mainly originate from Karnataka, Tamil Nadu, and Gujarat.

Industry insiders note that while importing via sea ports takes 20–25 days, compared to a week through land routes, shipping is cheaper. Indian exporters also receive cash incentives, enabling them to sell yarn at lower prices than local producers.

Khorshed Alam, director of the Bangladesh Textile Mills Association (BTMA), said the industry never sought a full ban on Indian yarn. “We only wanted the import of higher-count yarn under false declarations to stop. Now that loophole is closed, and local mills are seeing better sales,” he said.

Bangladesh has 519 spinning mills that supply 85–90% of yarn used in knitwear and about 40% for woven fabric. But rising energy prices and chronic gas shortages have raised production costs, putting local mills at a disadvantage.

Mohammad Hatem, president of the Bangladesh Knitwear Manufacturers and Exporters Association (BKMEA), warned that longer shipping times are hurting competitiveness. “The main reason yarn is coming from India is price. Their yarn is 20–30 cents per kilogram cheaper. For one of my orders, Indian yarn cost US $ 2.12 per kilogram, while the local equivalent was US $ 2.65,” he said.

He added that decisions on yarn imports must take the interests of garment exporters into account, not just those of mill owners.

Source: apparelresources.com– Aug 25, 2025

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